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Official Report (Hansard)

Standing Committee on General Government
Estimates, Office of the Assembly



First Session, Thirty-Second Parliament

Wednesday, October 14, 1981

Morning Sitting

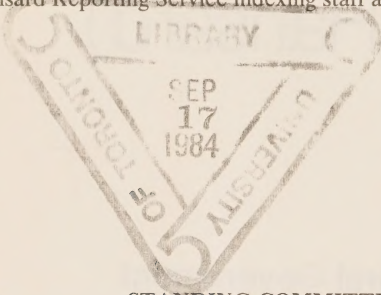
Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, October 14, 1981

The committee met at 9:42 a.m. in committee room No. 1.

ESTIMATES, OFFICE OF THE ASSEMBLY

Mr. Chairman: Ladies and gentlemen, we will call this meeting to order. I see a quorum. Are there any official substitutions here? It will be a while before there are any votes, so that can be sorted out perhaps.

We are going to proceed first with the Office of the Clerk in that Mr. Lewis has to go to the election office. We will go to the votes on the Office of the Clerk and the chief election officer before moving on to the Office of the Speaker.

On vote 1001, Office of the Assembly program; item 2, Office of the Clerk:

Mr. Chairman: Mr. Lewis, do you have any opening remarks or statement?

Clerk of the House: I do not think so, thank you, Mr. Chairman. There is nothing in the estimates this year other than the normal increment over last year's estimates.

Mr. Chairman: Mr. Nixon, are you the official spokesman for your party?

Mr. Nixon: I am not having a leadoff, so to speak.

Mr. Chairman: You have not got a leadoff statement?

Mr. Nixon: No. I am here in a capacity to assist Mr. Speaker more than to criticize him.

Interjections.

Mr. Nixon: That may not work out that way.

Mr. Chairman: Mr. Stokes.

Mr. Stokes: Mr. Lewis, the estimate for 1981-82 is up over \$100,000. You indicated in your brief opening comments that it was just business as usual. What occasioned the increase of over \$100,000 in the operation of the Office of the Clerk?

Clerk of the House: Mr. Miggiani, would you reply?

Mr. Miggiani: Part of that extra expenditure, Mr. Chairman, is that there is a \$13,700 increase in the salaries. Part of it is merit increase for the existing staff, plus an increase of \$16,000 for temporary help. There is a small increase in employee benefits, which is a corresponding

increase. There is a \$3,000 increase in travel as well as an increase of \$1,000 in the rental of equipment and a \$4,000 increase in duplicating supplies.

By the same token, the Office of the Clerk has decreased the amount for unclassified staff by \$5,000. There is a decrease of \$1,600 in the student contingents and a decrease in long distance telephone calls, which brings it to \$19,500. The second phase of the Clerk's budget is interparliamentary relations. We have an increase of \$87,000 here. It includes a \$7,000 increase in travel for the Commonwealth Parliamentary Association.

Mr. Stokes: How much was that?

Mr. Miggiani: It is \$7,000. There is an increase in hospitality of \$26,000 for the Commonwealth Parliamentary Association for services, hospitality, et cetera, and \$10,000 for the Conference of Commonwealth Speakers.

There is also a small increase of \$4,000 in hospitality-related items and a small increase in transfer payments towards the Commonwealth Parliamentary Association. And the board approved a \$3,000 grant to the International Association of French-Speaking Parliamentarians. In detail, that is the increase of almost \$100,000.

Mr. Stokes: In the setup at the table, Mr. Clerk, I notice now that you have four clerks dressed and sitting at the table.

Clerk of the House: That is purely a training process, Mr. Stokes. The three additional ones, who are alternating, are there to learn the table work so that in case of emergencies in the future there is always someone ready to step in, if need be.

Mr. Stokes: Yes.

Clerk of the House: The assistant clerks, the committee clerks already on staff, Mrs. Nokes and Mr. Richardson, have already had this training, as you will remember, several years ago. Now the new ones are going through the same processes. It is not a permanent thing.

Mr. Stokes: It is not an increase in the complement. It is just to give them experience at the table.

Clerk of the House: It is a training process.

Mr. Stokes: With regard to the complement in the office, the support staff, it is my understanding that Mrs. Hopkins has retired in her capacity as your personal secretary.

Clerk of the House: Yes.

Mr. Stokes: You have since taken on new staff in your office. Is that correct?

Clerk of the House: That is not quite correct in the sense that the position was advertised and one of the applicants was a Mrs. Willson, who has been with me, actually, longer than any other employee I have in either office. She started in the Clerk's office. Then, years ago, when the election office was moved to Lombard Street and the staff had to be divided between the Clerk's office and the election office, my then assistant, Mrs. Brand, wanted Mrs. Willson to go with her to Lombard Street, which she did. Mrs. Willson was one of the applicants to come back to take Mrs. Hopkins' place, and I accepted her application and brought her back to this office, the Clerk's office, in Mrs. Hopkins' place.

Mr. Stokes: You indicate that when you decided to bring this person in from the election office it was done under the guidelines laid down by the Manual of Administration.

Clerk of the House: Yes. The position was advertised. There were a number that applied.

Mr. Stokes: How many would have applied for that?

Clerk of the House: I understand it was 150. Ms. Schoenberger and her staff weeded it down to—

Ms. Schoenberger: Twelve.

Clerk of the House: —twelve, whom they interviewed. Then they sent five on to me for interview. Of those, because of my knowledge of Mrs. Willson and her abilities, of course, I chose Mrs. Willson.

9:50 a.m.

Mr. Stokes: Would it be true to say that you sort of had your mind set on it before you advertised the position?

Clerk of the House: No. I did not even know that Mrs. Willson was interested or that she was going to apply until after it was advertised.

Mr. Stokes: What was the job description?

Ms. Schoenberger: The job description was secretary to the Clerk and was advertised as such, which is in the category of a deputy minister's secretary.

Mr. Stokes: Performing normal secretarial duties?

Ms. Schoenberger: And certain administration tasks that go along with the classification of deputy minister's secretary.

Mr. Stokes: Do you have a copy of the advertisement?

Ms. Schoenberger: I do not have it with me.

Mr. Stokes: When this person was chosen, was it with the understanding that she would be taking on new duties that her predecessor did not have?

Clerk of the House: When I decided that Mrs. Willson was actually the best applicant because of her long experience, because of that long experience I realized that she could take on additional responsibilities, yes.

Mr. Stokes: You do not have a copy of the job outline or description as it was advertised?

Clerk of the House: No, I have not.

Mr. Stokes: What was the rate of pay advertised in the notice?

Ms. Schoenberger: The rate of pay for a deputy minister's secretary is a range that starts at \$18,175 and goes to \$21,275.

Mr. Stokes: What is Mrs. Willson receiving at the present time?

Ms. Schoenberger: She was classified in the AGA-15 classification when she worked in the election office, and she is still paid as such. That is a range of \$23,000 to \$27,025.

Mr. Stokes: What is she being paid?

Ms. Schoenberger: The top of that range, since she has been in that classification a long time, \$27,025.

Mr. Stokes: You advertised for a secretary with administrative duties which would require compensation in the range of \$18,000 to just over \$21,000 and, after screening 150 people down to a short list of 12, you brought somebody in from the election office in the range that she occupied at the time she transferred, from \$23,000 to \$27,000. In place of a secretary, we are now paying the secretary to the clerk the top of that range, an artificial range, \$27,000?

Ms. Schoenberger: That is correct, but I was advised by Mr. Lewis that he intended to reclassify the position. We are in the process of drafting a job description.

Mr. Stokes: After the fact. You hired somebody to fill the position and now you are trying to find out what it is that person is supposed to do.

Ms. Schoenberger: I understand that Mr. Lewis wanted to consolidate responsibilities.

Clerk of the House: I wanted to bring some responsibilities from other areas into that area.

Mr. Stokes: Like what?

Clerk of the House: Quite a bit to do with the parliamentary association for one thing and other administrative duties. I did draft a job description. I have not got it with me now, but it is adequate for the position. I have never had an administrative assistant although those who are junior to me have.

Mr. Stokes: But you indicated that it was business as usual. The \$108,000 you are asking for—

Clerk of the House: That is not included in these estimates.

Mr. Stokes: This will be reflected in a future set of estimates. How do you rationalize the fact that somebody you are hiring in the capacity of an executive assistant to take the place of a secretary, you are assigning new responsibilities to this person, you cannot tell me what they are—

Clerk of the House: I can if I get the description I have drafted.

Mr. Stokes: One would have thought you would have had it with you since it is obvious that if it is a change, this committee would like to know what those changes are. The most important question is, is it not usual when there is a new position created, where there are new responsibilities assigned, that this should be done through the office of the administration and the director of personnel?

Clerk of the House: It is being done with their assistance, yes.

Mr. Stokes: But after the fact.

Clerk of the House: Because the person who was chosen was so much more experienced than I expected.

Mr. Stokes: So what are the additional responsibilities? This bothers me, simply because in a previous incarnation I had set up a new job classification on the advice and with the sanction of the Board of Internal Economy, namely, a manager of parliamentary and public relations. I understand that Mr. O'Neill is performing admirably, but I will let the Speaker answer to that when we are talking about the estimates of his office.

I am interested in finding out what this person whom you have brought on as an executive or as an administrative assistant is doing that might conflict or interact with what Mr. O'Neill is doing.

Clerk of the House: There is certainly no conflict. She and Mr. O'Neill are working very closely together in connection with looking

after the parliamentary visitors. Mr. O'Neill, as you will remember, has many other duties besides parliamentary visitors. As you and I together pointed out to the former chief of the reception staff, Mr. O'Neill is in charge of looking after all of the visitors to the buildings, not just parliamentary visitors, and he is working very closely with me, with Mrs. Willson, with Mr. McFedries and others, in seeing that parliamentary visitors are properly looked after.

Mr. Stokes: Mr. O'Neill would not be taking direction from Mrs. Willson, then?

Clerk of the House: No.

Mr. Stokes: How much is Mr. O'Neill being paid?

Ms. Schoenberger: Mr. O'Neill is paid in the administrative module 14, which has a range of \$21,450 to \$25,050, and I believe he is in the middle of that range at the moment.

Mr. Stokes: Around \$23,000, and Mrs. Willson will be working very closely with Mr. O'Neill and taking direction from Mr. O'Neill—

Clerk of the House: No, she will not be taking direction. She will be working in liaison with him but she will be taking direction from me.

Mr. Stokes: I am wondering, if you are in the process of reclassifying these positions, and one would have hoped that you would have sought the advice of either the office of the administration or the Board of Internal Economy before having done that, would you agree that your job is only half done? In the reorganization you should be looking at the line of authority and the line of responsibility, and dovetail those in so that there is more equity and fairness built into the administration of the Office of the Assembly?

Clerk of the House: We are in the process of doing that now. As a matter of fact, Mr. Speaker has spoken to me about a complete reorganization of the Office of the Assembly.

10 a.m.

Mr. Stokes: In connection with these estimates, I would like to ask Mr. Speaker or any of the members of the Board of Internal Economy who may wish to comment, whether or not they think it is appropriate to set up a whole new set of classifications without regard to the present responsibilities and the amount of indemnity that goes with those, because, as you well know, we have between 550 and 600 employees of the Office of the Assembly, ranging from the Speaker's office to Hansard to the library services.

Does the board not think that it establishes a dangerous precedent by setting up new classifications without regard to everybody else and their responsibilities around here? Do you not see some conflict or some trouble emerging as a result of the way in which this was handled?

Mr. Martel: I can only speak for myself on the board, but what I find strange about what transpired is, an ad was placed in the newspaper designating a certain salary and a certain job, and the person was then put in that job and, even before the ink was dry, the job classification or job description has changed and someone is hoisted \$4,000 or \$5,000 in salary. Looking at it firsthand, it appears that the job was fitted to the person after the person was hired. It seems to me it has to be the other way around. You set the terms of the job you want and then you run the ad, and the person who is the successful applicant fills all those requirements.

I find that we—not we—put the cart before the horse. And, in fact, what is going to happen if you do it that way with one, is you are going to be in a hell of a pile of trouble. I do not think you can do business that way and have any type of harmony with any of the remaining staff who might have wanted to put in an application for that job but did not want the job that was advertised and were excluded from—

Clerk of the House: To the best of my knowledge there were not any other members of the staff who applied.

Mr. Martel: But if the job description had been different, if the job description had been what you wanted, or what the job ultimately became, then you might have had a number of other applicants. But you changed the job description after the individual was hired for another job. And that is not the way you do business. To me, it is asking for trouble and it is asking for a lack of harmony in your own office.

If I were in that office, I tell you, I would resent it if it were done that way, being excluded from having an opportunity to bid on the job. Whether I got it or not would be immaterial. By the very fact that I did not have an opportunity to bid on that job, I would find it very difficult to have a decent working relationship with anyone.

Clerk of the House: There are no others in the office at the present time who would aspire to that job.

Mr. Martel: How do you know? They might not be qualified for it, but—

Clerk of the House: Not in my own office.

Mr. Martel: All I am saying, Mr. Lewis, is they might not be qualified for it but they were excluded, anyone was, from having an opportunity to bid on what the ultimate job was. They could have bid on another job. But as I said, the ink was not even dry and a new job description was being drafted. Should not the new job have been posted?

Clerk of the House: In fairness to Mrs. Willson—

Mr. Martel: Forgetting Mrs. Willson for the moment.

Clerk of the House: —I should say that she was quite prepared to have her salary red-circled, which is the customary thing to do in such a case.

Mr. Martel: I do not want to get into the personality.

Clerk of the House: I felt that because of her very long experience in both the Clerk's office and the election office, I could make better use of her talents and her abilities than was originally contemplated.

Mr. Martel: I do not want to get into the personality, Mr. Lewis. My concern is that the way it was established prevented other people from bidding on the job. I do not want her to become the scapegoat in this little byplay that has gone on. It is the way it occurred that bothers me.

I do not want to take on the individual because that would be unfair to her. But what was done bothers me. Let us say we did that all over government in the civil service. You would have grievances coming out your eyeballs trying to resolve that sort of transaction. You could not get away with it. Maybe they need a union around here.

Mr. Stokes: I am wondering, Mr. Lewis, if you are aware just how important the Manual of Administration is?

Mr. Chairman: Excuse me, Mr. Stokes, Mr. Nixon would like to make a comment. You raised the question to the board.

Mr. Nixon: The honourable member indicated that members of the board might want to make a comment. It seems to me, Mr. Chairman, that in the description Mr. Lewis gave, the concept of the job really changed during the process of selection. It looks to me as though Mr. Lewis has decided—and I have no objection to this—to join the throng stampeding towards getting an executive assistant.

Everyone has an executive assistant, House

leaders and so on, and even the pay—not particularly for them but for others—has had helium treatments in the past, logically associated with the special programs of—what do you call it, executive achievement? There is a program name to justify all of these improvements in pay. At least members of the Legislature, while we seek for that justification, hardly ever get it and so we just give ourselves the helium treatment I suppose. But it has been known to happen before.

It seems to me that if Mr. Lewis decided this some way through the reorganization that obviously is going on in the Clerk's office and around the table—whether we approve of its procedures and its outcome is another thing, but obviously it required and still requires reorganization—I have no objection to him hiring an executive assistant. It might be a very good thing indeed, but I must also say that following the Camp commission report—my honourable friend in the blue suit is always telling us how important that report is and how his personal involvement in its major findings is reviewed by the members—we took a strong and major step towards establishing the Office of the Assembly under the leadership of Mr. Speaker who, of course, is responsible to the members of the House.

The concept is an excellent one in my view, just a new era around here, or can be and should be, and the staff associated with Mr. Speaker's leadership, as our representative, has certainly got clear areas of responsibility. Now these have somehow perhaps become slightly dislocated. It seems to me that there is not the sort of close co-operation under Mr. Speaker's leadership—whichever Mr. Speaker happens to be in the past, now, or in the future—that we would have hoped for, but the machinery is excellent. The fulfilling of the actual nuts, bolts and cogs has somehow, at sometime stripped a few gears, and we are right in the midst of that now.

I feel that there ought to be a clearly understood procedure for advertising jobs with specific descriptions. It would be nice if everything were run in that orderly way. But in this instance, the Clerk has told us when we asked him or when he was asked, that the job description, as I understand it, essentially changed halfway through. He decided he wanted and required an executive assistant. I do not think there is any objection here to that. The procedure for so doing was not very smooth. I am not so sure that we can say anything more than that about it.

It might have been channelled through other administrative offices more clearly, I do not know. I do not know what the area of criticism really is from the member for Lake Nipigon; that in fact somebody was hired at a salary larger than was specified? The justification, as I see it, is the specifications were changed in a somewhat indefinite way.

10:10 a.m.

Mr. Stokes: Just to put it in perspective: I was about to say that this Manual of Administration has been developed. You have just said it is an excellent one, and I agree wholeheartedly. People employed in the Office of the Assembly have gone to a great deal of trouble to dovetail this, although independent of what goes on in the civil service generally.

I think it stands us in good stead to have this Manual of Administration. We have had visitors from several jurisdictions throughout Canada and elsewhere try to emulate what we have set up. It behooves us to stick to it religiously and not change it unless we have a very valid reason.

It states quite clearly in this Manual of Administration the procedure for recruitment and recruitment prerequisites: "No recruitment activity will be commenced to fill a vacancy in a position contained in appendix A until section 16 of form LA/44, position description, has been completed."

Mr. Nixon: Sounds like CUPE wrote it themselves.

Mr. Stokes: "Section 16 will contain the following minimum requirements to perform the duties of the position; namely, level of education, skills and knowledge needed to produce the required results, personal suitability"—and on and on. It is spelled out very clearly.

My reason for bringing this to the attention of the Speaker and the Clerk is that I think we have the best system for the administration of the Office of the Assembly and I hope that in future we will stick to it religiously. Other people are trying to emulate it. If it is found to be no more than the paper that it is written on, all of the work that has gone on since the Camp commission made its final report is due to go down the drain if we do not stick to this Manual of Administration. That was my reason for raising it at this time, Mr. Speaker.

Mr. Chairman: Good point.

Mr. Renwick: Mr. Chairman, I am not a member of the committee and I appreciate the opportunity to participate briefly this morning

on this issue. I cannot match my friends on the Board of Internal Economy or the former Speaker in the intricate knowledge of the machinery of this office.

I am extremely concerned about the smoothing over now going on about what has taken place. The fact is that the procedure that was used excluded a large number of people who may very well have contemplated applying for that position. I think that is fundamentally unfair and I think it is improper in the Office of the Speaker of the assembly of the province that that kind of process should have been tolerated.

The number and quality of people and the people with experience—because Mr. Clerk clearly indicated that it was because of the experience that the decision was made—the question of the quality of the person who would be successful in such a process may well also be determined, not only by the job description which is advertised but by the number of people who feel they should respond to that advertisement.

It is all very well to say it changed during the course of the process or that there was not enough foresight given or there was a different game plan that was put into effect during the course of it; you cannot alter the point of information brought out by my colleague, the former Speaker, that a large number of people who might have applied have been dealt with very unfairly.

I do not know whether the matter can be rectified at this point in time, but I would like to underline that whether the process set out in the Manual of Administration is the best in the world or not, absolute fairness must be seen to take place with respect to the recruitment of people for the Office of the Clerk of the assembly.

Hon. Mr. Gregory: Mr. Chairman, I just wonder if I could ask the Clerk or the former Speaker, or perhaps the director of administration, was this matter brought before the Board of Internal Economy when there was the reclassification, do you recall?

Clerk of the House: No.

Mr. Fleming: My response to that would be that the job description has not now been formalized, simply because of the fact that I am of the opinion that the job description is in conflict with the activity of the manager of public relations and parliamentary affairs, Michael O'Neill. It seems to me it is essential, for the smooth operating of the whole office, that it is

quite clear what the Clerk's administrative assistant is doing in relation to the manager of public relations and parliamentary affairs.

Mr. Nixon: It seems to me you have a small problem. None of the details were discussed before the job was assigned.

Hon. Mr. Gregory: I do not think that is the point we are making. I can recall a couple of instances where the requirements were changed, or the place was changed, to get the quality we wanted.

I am sure the other members of the Board of Internal Economy, including the former Speaker, can recall that when we were looking for a chief librarian there were some changes made in the details because we wanted a certain man. I do not think they were covered in the ad, if in fact we did advertise at that time. I do not think this is totally without precedent. We have done it before. I just do not understand your concern here.

Mr. Stokes: There is a very subtle distinction between "we" and "I." The job classifications were changed at that time with the full knowledge of the director of administration, as I recall, with the full knowledge of the then director of personnel and with the full knowledge of the Board of Internal Economy, so there is a very subtle distinction.

Hon. Mr. Gregory: There may well be a distinction in the procedure, but I am just wondering what we are getting all upset about.

Mr. Martel: Let me try to put it in perspective for my friend. You talked about when we hired Mr. Land. As I recall the details, Mr. Land indicated that, under his circumstances, he could only afford to come under certain circumstances. The board changed that. They did not change the name of the game part way through, excluding anyone else from applying. Anyone could have applied. He was the most qualified person. They just did not change the job description that Mr. Land was going to operate under. After we hired him we did not make him chief boobah for the whole building as well, or in addition to the job he was hired for. His job classification remained constant. The only thing that changed, I believe, was his income.

What has happened here is that there is an ad run at a certain salary and before the ink is dry on the contract, so to speak, the job classification is changed totally, or largely, to a different type of job, not only secretarial but administrative in nature. All I am arguing is that you

cannot do that. A lot of people who might have applied for a different type of job might not want to work as a secretary but if there were administrative responsibilities, would have sought that particular job. By the very type of job description, they were excluded because they did not want that type of job and the job was changed without anyone's knowledge. It is not a subtle difference; you could drive a truck through it.

Hon. Mr. Gregory: You might be able to, but I see a very fine difference, as a matter of fact.

Mr. Martel: I do not.

Hon. Mr. Gregory: I am not in any way trying to downgrade Mr. Land, whom I respect very much. We have shared an office together. What I am saying is that had the final figure at which we appointed Mr. Land been that what had been advertised—

Mr. Fleming: I think it was.

Hon. Mr. Gregory: It was finally?

Mr. Fleming: Mr. Land was appointed within the salary range that was advertised and he was appointed at the top of the range. The Board of Internal Economy earlier had thought that they did not want to bring in anybody at the top, simply because there would not be any opportunity for salary improvement, but they did decide that he should be brought in at the top of the range and that was the only exception.

Mr. Nixon: I just want to return to what Mr. Fleming has said. Did he say to the committee that, in his opinion, the job description for which someone has been finally hired in the Clerk's office does conflict with the responsibilities of another employee in the Office of the Assembly?

10:20 a.m.

Mr. Fleming: What I am saying is that the personnel officer referred the matter to me. I was concerned simply because of the fact that I felt that there were certain duties spelled out in the proposed draft description for the administrative assistant for the Clerk which could create possibly some difficulty in terms of relationships with the manager of the public relations and parliamentary affairs office. However, my office did receive a directive that this individual was to be appointed and transferred to the Clerk's office, so I was obligated to go ahead and fulfil that request.

However, with respect to the actual job description, I felt that was something that had to be resolved very possibly with the Speaker, who

is chairman of the Commonwealth Parliamentary Association, the Clerk and probably Mr. O'Neill and myself. That process, I believe, is going to be going ahead; at least, that is my hope.

Mr. Nixon: I want to pursue that just a bit. Mr. Fleming's second statement was couched in more acceptable terms than his first. I think he really did indicate that he felt there was a conflict of responsibility.

I do not think there will be any problem ironing out the thing. Mr. O'Neill has been doing a job, we have been told, for \$23,000. The indications are that he does this in a very acceptable way indeed, and I would vouch for that from my experience. It could be that we ought to discuss with the Clerk the job description of his new employee.

I say again I have absolutely no problem at all if he feels he requires someone who would generally have the responsibilities of executive assistant. Normally, if this has to do with Commonwealth parliamentary affairs, the Speaker, as chairman or president—whatever the designation is—of our Commonwealth parliamentary organization here, in the past has turned to the Clerk, or in the more recent past to the First Clerk Assistant, in organizing whatever we have to do in that connection. If we going to have responsibility for the actual administrative work of Commonwealth parliamentary matters divided into two offices with two people, we probably ought to correct that now or be aware of the problem that our director of administration has raised here publicly.

Clerk of the House: I do not anticipate any difficulty because at the present time Mr. O'Neill and Mrs. Willson are co-operating on an extremely efficient basis. If there is any need to make any changes in the description of my administrative assistant, I am sure we can work that out without any difficulty. It is just a question of assigning responsibilities.

Mr. Nixon: It comes back to a point that Mr. Gregory made. I do not believe the Board of Internal Economy even wants to diddle around with a lot of little things. The Speaker has appointed an administrative assistant and now the Clerk has. I do not recall that being discussed. Maybe I missed that, maybe it was in the overall, but I have no objection to that.

Could we not have avoided all that stuff if we had known this was happening? We are sup-

posed to be here defending you. I am prepared to do that, but I do not recall this being discussed.

Clerk of the House: Was the librarian's administrative assistant discussed?

Mr. Nixon: At the time of the librarian's appointment, there was a complete revamping. We had huge budgetary changes because there were all sorts of new staff put in there. It could be that we were just not aware of the changes. As I say, the last thing we want to do is interfere with the individual day-to-day decisions. If we are expanding the complement, all we have to do is to be told about it, I suppose.

Clerk of the House: There is no expansion going on.

Mr. Martel: Let us not get off track. I think what Mr. Nixon is saying is that we had no objection if the Clerk had wanted an executive assistant, or call it whatever you want. That is not the real issue. No one would have objected to the hiring of that particular person. The issue is there was an ad run for a certain job at a certain salary, and after a particular individual was chosen, the job description was changed totally and the salary range was changed totally. That was a wrong procedure, which excluded vast numbers of others from the possibility of applying for a particular job.

That is what the issue is, and I do not think we want to get lost in a whole range of other items. That is the significant issue: the changing of the job description and the salary that went with it after an ad was run for something else. That is what is unfair about it and that is what is going to lead to resentment in that office, whether the Clerk of the House believes it or not. I happen to think that, if I were one of those employees, I would be pretty damned angry. I might not have bid on it, but I should have had an opportunity to bid for what the ultimate job would have been.

That is the difference, and I think my friend is agreeing with me. We do not really get hung up on who hires what, unless it is a new job, as Mr. Speaker did when we brought in Mr. O'Neill. But that was all done in advance. The board was well aware of what was going on and how it was proceeding. This one just smells a little.

Mr. Stokes: Mr. Chairman, I do not want to belabour this, but I just want to find out. Mr. Fleming said that he received a directive to change the job description. Did that directive come from you, Mr. Speaker?

Mr. Speaker: No, it did not.

Mr. Stokes: Would you care to comment on how directives are transmitted, and where they should really come from?

You are the chief administrative officer at the Office of the Assembly and from an administrative point of view, your right arm is the director of administration. Does it upset you that directives are being sent to your chief administrative officer without your knowledge?

Mr. Speaker: If I could perhaps comment a little bit further: Mr. Lewis, within the overall organization, is recognized as having the status of a deputy, or is recognized as being a deputy minister. Having said that, Mr. Fleming and I meet, as well, on a regular basis. Mr. Fleming made me aware of the directive after he had received it, of course.

No, I did not see anything untoward in the way the directive was routed, although I did not have prior knowledge of it.

Mr. Stokes: If you look at the organizational chart of the Office of the Assembly, headed by the Speaker, there are two direct lines of communication. One is administrative and the other is the function that is performed by the Clerk of the House, dealing specifically with the affairs of the chamber itself.

I am sure that if you go back over the correspondence in the Office of the Speaker, you will see that your three predecessors tried to change that line of authority, and that others higher than the Speaker did not see fit to change it. So if you look at the organizational chart, the Clerk and the director are equals; would you agree with that?

Mr. Speaker: On the organizational chart it is shown that way, yes.

Mr. Stokes: Yes.

I have only one final question, and I raise it simply because it is something that I was not able to achieve when I held that office, and it deals with space.

I can recall when I came here, 14 years ago, that the Sergeant at Arms had a good office, and was very well accommodated. Because of the pressures of space, for reasons that are known to all of us, the Sergeant at Arms does not enjoy those luxurious quarters now. He and our manager of parliamentary affairs and public relations really are sharing a little cubicle.

10:30 a.m.

I do not criticize you, sir, simply because I was not able to come to grips with that, but I am wondering if you are working on that, and if you will be able to see that they are adequately accommodated.

Mr. Speaker: I would have to give you the assurance of that, yes. I am very well aware of it and it is a very difficult situation for both of them to work in; we will be able to change that before too much longer, I would hope.

Mr. Nixon: If I may just pursue what Jack has said about the Sergeant at Arms' office. Is there a separate vote for that in here?

Mr. Speaker: No.

Mr. Nixon: In the administrative plan that was set out some years ago, the Sergeant at Arms had a more prominent position than he presently occupies. As a matter of fact, we were discussing it quite recently and, as I understand, the Clerk and the director of administration, the chief librarian and the Sergeant at Arms occupy almost the same capacities in the great, grand hierarchy of whatever it is—

Mr. Speaker: In reporting to the Speaker.

Mr. Nixon: Yes. I think Jack is entirely correct, the facilities of the Sergeant at Arms, and probably his responsibilities, have tremendously deteriorated over the years. Certainly there was a time when the Sergeant occupied the apartments at present occupied by yourself, Mr. Speaker,—

Mr. Speaker: You are right.

Mr. Nixon: —a most unbelievable thing indeed. But I do feel we are probably missing out on a good deal of the talent and ability of the Sergeant at Arms, particularly the gentleman who is the present incumbent of the position, and I would certainly hope we would give every attention to at least allowing him to share in the responsibility for those who are in charge of order around this building and those people who might very well appreciate the leadership that he could give. I really feel we are making a mistake and compounding it by not giving him more responsibility.

Clerk of the House: Mr. Chairman, if I could add my word to this, I agree completely with what has been said. As the Speaker knows, I have been trying in my own way to see that the Sergeant at Arms has some more responsibilities and, as the Speaker will tell you, I have been pressing for some time that at the earliest possible moment the Sergeant at Arms be given proper office accommodation.

Also, as Mr. Nixon has said, I have an admiration for the incumbent's abilities and talents and I think that the Speaker can make greater use of those talents when we proceed with our reorganization.

Mr. Speaker: Just one comment, Mr. Nixon, on that. In the relatively short time since I have been here, I do not think the Sergeant at Arms' functions, duties and responsibilities have diminished in any way; in fact, I think they have been rather enhanced.

However, what you say is quite clear, and I think there is room for more and further involvement. That is being looked at, and I hope it will be a topic at one of our meetings in the future.

Mr. Boudria: Mr. Chairman, just to expand on that a little bit; the members' services committee was in Ottawa and Quebec City last week and it was obvious to us on that visit that in both of those places the Sergeant at Arms is fully in charge of the internal security of the building, not only of the chamber. He would be in charge of all of the people we have inside and outside of the chamber, but within the confines of the walls of the legislative building.

In both cases, in Ottawa and Quebec City, the outside of the building is not patrolled by officers under the jurisdiction of the Sergeant at Arms, but inside the building is within his responsibility. In Ottawa, the responsibilities are even greater and the Sergeant at Arms is an administrator of sorts. Nevertheless, in both cases he has a much larger responsibility than he has in our place, as many of you would probably know.

Mr. Chairman: Are there any further comments on the Office of the Clerk?

Mr. Boudria: I have one more.

Mr. Speaker: You asked for it.

Mr. Boudria: Again, I do not know whether this would be answered by the Clerk or by the Speaker, but you may know that since I have been here I have pushed to have membership in an organization known as the Association Internationale des Parlementaires de Langue Française, AIPLF for short, that is getting established right now. The initial stages of the work had been done by your assistant, Mr. Clerk, and he is no longer with us.

Could you tell the members whether there is another person in your office who is able to do the same kind of work in the French language, because it is a prerequisite that all correspondence and so on be done by a person who is able to converse and correspond in the French language for the French parliamentary association. Is there such a person?

Clerk of the House: I am not sure whether Mr. O'Neill has been looking after this—

Mr. Boudria: As to the convention, yes.

Clerk of the House: —for the most part. I am not sure whether Mr. O'Neill has any facility in French or not.

Ms. Schoenberger: Yes, he does.

Clerk of the House: Thank you. Yes. Mr. O'Neill.

Mr. Boudria: Further to that, Mr. Chairman, would Mr. O'Neill then be doing some of the work that had been initiated by Mr. Holtby, such as getting the charter from France for our organization, and all those other things?

Clerk of the House: Yes. I believe that is correct.

Mr. Speaker: For the moment; it has already been intimated that things are in a state of flux and there is a reorganization going on. This will have to be finalized and firmed up at a later date, but at the moment, yes.

Mr. Boudria: If that is not going to be Mr. O'Neill's job on a permanent basis—

Mr. Speaker: We do not know.

Mr. Boudria: If it is not, and you are hiring more people in the Clerk's office, would you make that a requisite for one of the new people you are hiring, that he have a command of the French language so that he will be able to do the work of that association?

Mr. Speaker: He or she.

Mr. Boudria: Yes, he or she.

Clerk of the House: I was forgetting—I am sorry Mr. Boudria—there is also Mr. Arnott.

Mr. Boudria: I have already talked to him.

Clerk of the House: I understand he is quite good in French.

Mr. Boudria: He himself does not think that he is fluent enough to handle it.

Clerk of the House: No, but he does have quite a good working knowledge of the French language, I understand. Of course, if we are adding, that will be a requisite. Yes.

Mr. Boudria: Okay. Thank you very much.

Mr. Renwick: Mr. Chairman, I believe my question or my query is best addressed to Mr. Speaker himself, but Mr. Clerk may wish to respond to it. I am concerned with the departure of the First Clerk Assistant from the table.

With the training process which is going on with the clerks, in response to the question raised by the comment made by my colleague, and recognizing that Mr. Clerk cannot possibly be in the assembly all of the time, who, sir, to you and through you, does the House rely on at the table to respond to the many procedural

questions which often arise in the heat of debate and in the arguments which take place in the assembly?

It has been customary in the past, in the absence of Mr. Clerk at the table, for the First Clerk Assistant to perform that role and it was unquestioned that is the way in which it operated. Who will be the surrogate for the Clerk when Mr. Clerk is not at the table? It is important that we understand in the assembly, otherwise we are likely to compound the difficulties of the procedures of the House.

Mr. Speaker: For the moment—and I want to stress for the moment—until other arrangements are made, in the absence of Mr. Lewis, either Alex McFedries or David Callfas will perform that duty, or those duties. I will be looking to them for guidance as well.

10:40 a.m.

Mr. Renwick: So when the clerks are sitting at the table and Mr. Clerk is not at the table, if Mr. McFedries or Mr. Callfas are at the table, we in the assembly will know that either one of them will be the one who is in charge of the assembly.

Would you elaborate on the question, for the moment, and what are your thoughts with respect to the permanent solution to that very serious procedural problem in the House?

Mr. Speaker: First of all, it struck me that we did have a definite weakness inasmuch as in the case of an emergency there were no people around to fill in. I spoke to the Clerk and others about it and it was decided that all the clerks who were interested should be given the opportunity of being exposed to the situation and having the opportunity of learning the procedures as well as their duties at the table. So that is being commenced.

In addition to that, it is fair to say that we are taking a hard look at the possibility of a replacement for that position and, to that end, I met with the House leaders yesterday. We will continue to meet. The Clerk will be involved as well in these meetings. The first decision that has to be made is whether that position is going to be filled on an on-going basis—is there going to be a first clerk assistant as such. If there is, then we are going to have to get down to the nitty-gritty of making a decision and a selection.

Mr. Renwick: I do not like to think that an assembly that is 117 years old and with antecedents going back into the dim history of time is going to be faced with procedural emergencies. I do not think that is proper. I now understand

that until I understand it more clearly, Mr. Callfas or Mr. McFedries will be the ones who respond in the House.

What is the nitty-gritty of this procedure going to be that you and the House leaders are going through, and what will be the kind of process that will be used for selection? Will the selection be made from the present clerks on some kind of assessment or evaluation of their skills, abilities or knowledge? Or has it already been determined that if that position is going to be filled you are going to go outside the building for the appointment of a person?

Mr. Speaker: There have not been any hard and fast decisions made. It is fair to say, as I understand it, as a result of the meeting which has been held that certainly people here will be given an opportunity. We should not preclude the fact that perhaps it should be an open competition, or an open selection process.

Mr. Renwick: With the proper job description—

Mr. Speaker: Right.

Mr. Renwick: —and not changed after the event.

Mr. Speaker: Do you want me to comment? Or are you just making an observation?

Mr. Renwick: Yes, I would like you to comment on that.

Mr. Speaker: No. Of course not.

Mr. Renwick: There will be a proper job description.

Mr. Speaker: Yes.

Mr. Renwick: All right. Let me assume for the moment that the choice is going to be made from the existing clerks in the assembly, all of whom are of established quality, some with more experience than others. What will the process be? Who will make the decision?

Mr. Speaker: That is what we have to decide and that has not been determined as yet. However, in a very preliminary sort of way, I did meet with your leader and I offered the opportunity to the Leader of the Opposition (Mr. Smith) to meet with me as well. It has been generally agreed that a determination would not be made that would place the Speaker in a position of conflict, if you will, either on a basis of personality or another.

Mr. Renwick: I understand that. Could I get an assurance from you without pursuing it, because you, Mr. Chairman, have much other work to do here—could I get an assurance from you that the members of the assembly will be notified of the process which will be used for the

selection of that person if the decision is made to appoint the equivalent of the first clerk assistant?

Mr. Chairman: I think Mr. Speaker has already, in effect, answered that in saying that he has been meeting with the House leaders and will meet with the leaders of the parties.

Mr. Renwick: I understand that, but I am speaking as a member of the assembly. I am not within the arcane knowledge of the House leaders or the members of the Board of Internal Economy or however they operate. I want to know, as a member of the assembly, what the process will be that will be used. I am quite happy to have it conveyed to me by my House leader, but I want to make certain that before the event takes place the House leader of my party has had an opportunity to consult with the members of our caucus as to whether or not it appears to us that the process you are going to adopt is a fair process.

Mr. Speaker: I would sincerely hope that the House leader of your particular party would communicate with you and that there would be ample time.

Mr. Renwick: He always does. The ample time is the matter I am concerned about.

Mr. Speaker: It is not going to be made in the next 24 hours or whatever.

Mr. Renwick: Do you anticipate it will be made before the new session of this Legislature?

Mr. Speaker: I honestly do not know. I do not think there has been a time limit. I would like to.

Mr. Renwick: We can limp through, as our party in the opposition is limping through, until the end of this year. But I do not think we should go into the new session, the second session of this parliament, without that question being resolved.

Mr. Speaker: I would agree with that and I would express a personal opinion that, hopefully, it will be resolved before the new session because, looking at it from a very selfish sort of way, it is critical for me to have that decision made.

Mr. Mancini: Mr. Chairman, I had some questions of the Clerk, but after looking at the estimates, I guess my questions would fall under the chief election officer vote, so I will wait until we get to that point.

Mr. Chairman: It is coming up next.

Item 2 agreed to.

On item 3, chief election officer:

Mr. Chairman: Now we move on to item 3, the chief election officer. Mr. Bailie, would you like to come to the table and face questions?

First of all, are there any statements by Mr. Bailie or Mr. Lewis?

Clerk of the House: I do not think there is anything I need to say in introducing these estimates, Mr. Chairman. Mr. Bailie, the assistant chief election officer, and Mr. Goodwin, the finance officer, are here to assist in answering questions.

Mr. Mancini: Mr. Chairman, I would like to ask some specific questions pertaining to the operations of the chief returning officers for the ridings, the individuals who are in charge of the election for each riding. The assistant chief election officer may be aware of the several letters I have directed to his office and he may be aware of some of the problems I am going to bring up at this time.

Before I get to those questions, I would like to ask the Clerk if it has been a procedure in the past to involve the member at all in the appointment of the chief returning officer for the riding.

Clerk of the House: No. Actually, we are not concerned in the appointment of the returning officers. The act specifies that the returning officers are appointed by the Lieutenant Governor in Council.

10:50 a.m.

Mr. Mancini: They are responsible to whom then?

Clerk of the House: They are responsible to the chief election officer once they are appointed, but the appointments are made by the Lieutenant Governor in Council and we have nothing to do with who are appointed.

Mr. Mancini: Do you have anything to do with replacing returning officers then?

Clerk of the House: Only in the case of an emergency with the returning officer, for example, if he were to die in the course of an election period, and this has happened several times in my day.

Mr. Mancini: Let me be more blunt, Mr. Lewis. If a person is doing a lousy job, whom do we go to? The Lieutenant Governor will not give me an audience.

Clerk of the House: The Lieutenant Governor in Council can replace a returning officer. The chief election officer under the act has the power to fire—I guess that is the word—in the

case of a returning officer who has during an election period shown himself or herself to be completely incompetent.

Mr. Mancini: How would you judge that?

Clerk of the House: I have never fired one yet. I have always managed to resolve the difficulty in a less drastic way, perhaps by providing some additional help at the time either from my office or elsewhere. Sometimes I recruit a federal returning officer to come in and give a hand to a returning officer who is having problems. Then after the election period is over I have been successful in such cases in suggesting to the returning officer in question that perhaps the time had come to tender a resignation.

Mr. Mancini: Mr. Lewis, to be frank here, because I do not want to beat around the bush, I think we have a pretty severe problem in my riding. I have directed several letters of a minor nature to the assistant. I am not totally happy with the response or with the time it took to get the response. Therefore, instead of writing a full and complete letter to yourself on everything that transpired during the election, I thought it would be more appropriate to come before the committee to discuss with you my concerns.

Clerk of the House: I am not familiar with this correspondence at the moment, Mr. Mancini. How long did it take Mr. Bailie's assistants to review the correspondence you had with him?

Mr. Mancini: Mr. Bailie, do you recall my telephone call to your office prior to the election asking you if you were aware of whether or not the chief returning officer for the riding of Essex South had filed with you complete maps as to the electoral district of Essex South, whether or not any amalgamations had taken place, and whether or not that would affect the election polling stations and things of that nature? It was Christmastime, and I do not believe it had even been filed.

Mr. Bailie: No, I do not recall the conversation.

Mr. Mancini: I specifically made that phone call because I was worried about the ability of the chief returning officer to do his job. His goodwill has nothing to do with whether or not he has the ability to carry out his responsibilities. I can say to you that he was informed of the annexation of certain municipalities in the west end of the riding. I do not think they were taken into consideration in deciding as to where the polling stations were placed. That is why I placed the call to you. I believe that once or

twice a year they have to send some kind of file to your office describing the electoral district. Is that correct?

Mr. Bailie: Mr. Mancini, the procedure is that on the direction of the chief election officer—and I would recommend to the chief election officer when that should be done—it is done once or twice a year prior to an election in anticipation of an election. In a minority situation it might appear to be nearly twice a year.

Mr. Mancini: But when you are getting to the end of your fourth year, one is assuming an election is coming up. What do they send to your office after you notify them?

Mr. Bailie: A set of instructions on how they should proceed. The final report includes a map and a description of the polling subdivision boundaries.

Mr. Mancini: Was that done properly for the riding of Essex South?

Mr. Bailie: We make judgements on how they are done. Not being aware of your question, I did not bring those files with us. We judge them and we judge returning officers. That is reported to the chief election officer. It was completed according to our guidelines.

Mr. Mancini: You have no way of knowing whether it was done properly or not.

Mr. Bailie: No, because I think you can appreciate that my knowledge of, say, the Leamington area would be somewhat limited with the whole province to look after. We rely upon the person on the scene to take into consideration the local conditions, local situations, annexations that you mentioned, and so forth. We do rely upon that person to have knowledge of the local area.

Mr. Mancini: You said that they file these maps with you with the polling stations indicated.

Mr. Bailie: No, I did not say that. The polling station is something that they may do in conjunction with their review and revision, but it is more likely done just prior to the election.

Clerk of the House: The problem is that very often they cannot be sure of where they can get polling places until after the writs are issued in very many cases.

Mr. Mancini: Thank you, Mr. Lewis.

Could you explain it to me again, Mr. Bailie, because I did not understand clearly what they file with you? What are they required to file with you and to show you?

Mr. Bailie: They are required to file a map, outlining polling subdivisions and their descriptions—

Mr. Mancini: Polling subdivisions meaning the 150 polls or so?

Mr. Bailie: Yes. I should have said the boundaries of the polling subdivisions; and then a description of those boundaries.

Mr. Mancini: Do you think that can be properly done if a certain annexation has taken place and that is not taken into account?

Mr. Bailie: One of the difficulties, not knowing the area you speak of personally, is that if an annexation resulted in development, the development must be watched carefully. I would think that a farm or 100 acres could be annexed to a municipality, but if there was no development, homes and, in effect, voters moving into that area, it would not be as germane as the fact that a development could take place in an area that was not annexed.

What we ask them to watch carefully is development, new subdivisions, new homes. Usually that follows with annexation. I expect that in this case it probably did from the line of your questioning. It should have been taken into consideration.

Mr. Mancini: I guess we had better get right down to the meat of things here. We were quite disappointed with the chief returning officer's abilities for the electoral district of Essex South. He already had experience in the 1977 election.

I may add here that in the 1977 election the person assisting him was quite capable. Therefore, a lot of problems were eliminated. However, this individual was not asked to be his assistant in the last election, and we ran into all kinds of difficulties. We had an election turnout of, I believe, 68 or 69 per cent in the 1977 election. It went down to about 50 or 51 per cent in this past election. Part of that problem can be attributed to an overall trend in the province.

Mr. Bailie: That's right. It was down right across the province.

11 a.m.

Mr. Mancini: Yes, but historically speaking, the electoral district of Essex South has a slightly higher turnout than the province as a whole. I can say that part of the problem was with the overall trend and possibly part of the problem was with the lack of activity by certain parties in the area to get people enthused, et cetera.

But I have to say in all honesty that another

part of the problem was caused by the chief returning officer. I do not believe he placed the polling stations in the proper areas. He showed absolutely no regard for communities of interest, which I think is vitally important. If people are used to going to a certain home or a certain business for federal, municipal and provincial elections and then, as in the past provincial election, they are sent three miles farther away, that hinders voter turnout. That is one specific problem; we had absolutely no regard for communities of interest and where the polling stations were going to be.

Do you think, Mr. Bailie, that a person with the awesome responsibility of a chief returning officer should wait until the night before polling day before securing a polling station?

Mr. Bailie: Oh, no. They are directed to give thought to the location of polling stations when they are describing the boundaries of the polling subdivisions. But, as Mr. Lewis mentioned, it is not always possible. I might come to you and say, "Can I rent your store for the polling station?" You might say, "Yes. When is the election?" I might say, as he would have to, "I don't know." Then you might counter by saying, "When you know, come back and I will let you know if you can rent the store."

Mr. Mancini: Let us put the question this way instead of speaking in generalities. I believe we had a 45-day election which gave the chief returning officer an extra six or seven days above the norm. You would think in that time he or his assistant would have had an opportunity to call every polling station to make sure the station was available for polling day. Would you consider the chief returning officer calling up polling stations at 11 and 12 at night before polling day to try to secure polling stations a major indiscretion?

Mr. Bailie: Not knowing the whole story, I would have to agree with your statement. I would like to know more of the circumstances of why he would be in the position of doing that. I wonder if it was not last-minute changes. Sometimes proprietors let us down and a polling station location is cancelled and another one must be secured. I will certainly agree with your general statement that it should be done well in advance of 11 p.m. on the night before an election.

Mr. Mancini: Furthermore, I would like to bring to your attention that in some of the polls the deputy returning officers and—who are the other people?—

Mr. Bailie: The poll clerks.

Mr. Mancini: —the poll clerks were not informed until the morning of election day where they would be.

Interjection: It sounds like my riding.

Mr. Mancini: We have instances of one poll for sure, probably two, that was not opened on time. We knew by the second week of the election that the chief returning officer did not have the ability to operate the riding. We knew what was happening, so we started keeping a log of all these things that were just not being done properly. I thought about this and I thought about writing you a lengthy three- or four-page letter, but I did not think I would get the response I wanted. We will certainly be glad to provide you with the irregularities we saw.

Mr. Bailie: I think you should.

Clerk of the House: I would personally appreciate that, Mr. Mancini. In that connection, I might point out that between elections the senior staff of the election office—Mr. Bailie, Mr. Goodwin, Mr. Carter, myself and others—evaluate all the returning officers. We do this on the basis of all the knowledge we have from the previous elections so that anything you can furnish us with in this regard would be useful.

Mr. Mancini: I was kind of pleased that the electoral district of Essex South had a history of a high voter turnout. It does not bother me in the least if the voter turnout is high. I was a little disappointed that it was down to the point it was. I was even more disappointed that the problem was aggravated by a person who is supposed to try to make this situation better.

I also want to question you as to whether or not it is the responsibility of the chief returning officer to hold a school or class for the deputy returning officers and the poll clerks. Are they to go specifically to a class, and is the chief returning officer to show them a film and have facilities to do all of this?

Mr. Bailie: Mr. Mancini, the returning officer is instructed to hold a training session, complete with a film, for all the deputy returning officers and as many of the poll clerks who may attend. It is our hope that all the poll clerks will attend, but it is certainly essential that a training course, including a film, be held for all deputy returning officers.

Mr. Mancini: Is it your belief that the school should be held continually at one end of the riding, making it difficult for everybody else to get there? For example, my riding is 45 miles

long. Or should the returning officer try to make sure that all deputy returning officers are able to go?

Mr. Bailie: I agree with you, yes. It should happen that way.

Mr. Mancini: You stressed to the returning officer that he should hold a school in Amherstburg, and he refused. He held it in Leamington. From what I understand, from the complaints—you see, the other problem is that the people who work as returning officers and poll clerks end up complaining to the member because they think the member is partially responsible for what is going on. We are not responsible at all, and we had quite a few complaints.

The returning officer was asked to hold a school in Amherstburg and he refused. He said, "If they can't come to Leamington, well, they are not going to be able to go." I am told he showed the film in a garage in the middle of winter. I am not sure if that is the most appropriate place. I am not absolutely certain of that, but those are the complaints I was getting.

Anyway, as the winning candidate in the district, I have a litany of complaints about the returning officer. I can tell you the election was made much more difficult by the lack of ability demonstrated by the returning officer. I am going to formalize these complaints to you. I hope you have an opportunity to review them and take appropriate action. The problem is not going to be solved if we go through another election like that.

Clerk of the House: That is the point I was making, Mr. Mancini. Unless these complaints are brought to our attention, there is no way we know about them.

Mr. Mancini: That is why I am doing it this morning officially and on the record. I have no qualms about making these complaints.

Clerk of the House: I would appreciate that.

Mr. Mancini: The point I want to get into, and that was my leading question, is, who is responsible for these people? It is not good enough to say that it is the Lieutenant Governor's responsibility because he is not going to do anything about it.

Clerk of the House: I agree. As I say, the cabinet appoints them, and then there is the Lieutenant Governor in Council. But if we are satisfied that they are not satisfactory, we will replace them on that basis.

Mr. Stokes: I would like to ask the Clerk of

the House something. In previous conversations with you, sir, I think there was some idea that the duties of the Clerk of the House and the chief election officer were to be split. What stage is that at and when is that likely to happen, if ever?

Clerk of the House: It will happen very soon. It will happen certainly before the next election, Mr. Stokes. There is no question about that. As you say, we have had conversations about this, and I feel myself I have carried the two perhaps too long. It is my intention, and has been for some time, to ask to be relieved of the election job. Mr. Bailie has asked me to stay for a while in connection with some of the things we are doing in the election office and some of the innovations we are making, but it will not be very much longer.

11:10 a.m.

Mr. Stokes: And if that were to come to pass—

Clerk of the House: I should say, Mr. Stokes, there is no question about the fact that I will be the last one to wear the two hats.

Mr. Stokes: Will the remuneration for you as Clerk of the House or for your successor, whoever that is, be reflected in that? You are fairly well indemnified since you carry on the responsibilities for both offices.

Clerk of the House: That has nothing to do with it. I am paid as the senior deputy minister, exactly the same as other senior deputy ministers.

Mr. Stokes: And once you divest yourself—

Clerk of the House: I am a member of the deputy ministers' council. It is as Clerk of the House that I am a deputy minister, and I am so paid. I do the other job for free.

Mr. Stokes: Since you are a deputy minister, who might be your minister?

Clerk of the House: The nearest thing I have to a minister is the Speaker.

Mr. Speaker: Take it or leave it.

Clerk of the House: But the fact remains that I am appointed by order in council as a deputy minister. I am a member of the deputy ministers' council.

Mr. Stokes: I have never seen that.

Clerk of the House: I shall show you the certificate.

Mr. Stokes: I have never seen that.

Do you not think, since you are indemnified as a senior deputy minister, that you should

have a minister, not just a person, to report to, and that the indemnity for that person should be reflected? What I am saying is, do you think that the deputy should be getting paid more than the minister?

Clerk of the House: For many years we did have a minister. We were given a minister for administrative purposes. At one time it was the Treasurer and later on the Provincial Secretary. As a result of the Camp commission report, that was changed. It was felt that we should not be responsible to a minister of the crown, and the Camp commission so recommended.

Mr. Stokes: With the separation, how do you think that the Board of Internal Economy should be the watchdog over all of the budgets it has to authorize, whether it be that of the Clerk's office, the election office, the Commission on Election Contributions and Expenses, the Ombudsman or the provincial auditor? It is a foregone conclusion that before those budgets see the light of day they must be approved by the Board of Internal Economy before they get into this form and to this forum.

What kind of advice would you give to the Speaker or the director of administration so that they can, in effect, have a handle on what happens in those other agencies whose budgets must be approved by the Board of Internal Economy? How do you think that might be accomplished so that we do not get into the same kind of difficulty we spoke of earlier?

Clerk of the House: I do not know whether I follow you, Mr. Stokes, but the relationship of the election office to the assembly and to the Board of Internal Economy is precisely the same as the relationship of the Commission on Election Contributions and Expenses and the Ombudsman's office. Mr. Bailie and Mr. Goodwin prepare the estimates for the election office and submit them to the Board of Internal Economy. When they are approved, they go forward to the House and come here.

Mr. Stokes: With regard to the personnel and their responsibilities, do you feel that any reclassifications should be approved by the Board of Internal Economy?

Clerk of the House: I think it depends to quite an extent on the position. Surely every phase of the day-to-day administration does not have to be submitted to the board any more than to Mr. Wishart's office.

Mr. Stokes: But with regard to major reclassifications, as was the case with Mr. Bailie, which was fully approved by the Board of Internal

Economy, do you feel that any reclassification at that level should be approved by the Board of Internal Economy?

Clerk of the House: I would think it was certainly desirable.

Mr. Stokes: Is that going on at the present time?

Clerk of the House: There have not been any recently.

Mr. Stokes: There have not been any. There are not likely to be.

Clerk of the House: I will not say that. There are some on the more junior levels that will be going on shortly. As to any reclassification on the senior level, looking into the future, the only one I can think of offhand is the separate chief election officer, when that time comes.

Mr. Stokes: If there is any major reorganization, it will be dealt with in the same way as in the case of other employees of the Office of the Assembly so that it does not get out of whack?

Clerk of the House: Yes. Mr. Bailie perhaps can answer that better than I can. The office tries to keep the level. We have lagged behind somewhat, I must say.

Mr. Stokes: You have done some catching up, though, you will admit.

Clerk of the House: We have done some catching up, but in the office of the chief election officer the staff have lagged behind, say, the Ombudsman's office and the office of the Commission on Election Contributions and Expenses.

Mr. Martel: They had Arthur Maloney.

Clerk of the House: But we are trying to catch up.

Mr. Boudria: Mr. Chairman, some of my comments will closely resemble the ones of Mr. Mancini because so many of the situations were the same. I will try to be brief, however. There are differences.

I wonder, Mr. Bailie, do you recall that my campaign manager phoned you many times during the election campaign regarding very similar complaints to those made by Mr. Mancini, except that they were made to you on numerous occasions during the election campaign?

Mr. Bailie: I am sorry, sir, you have me at a disadvantage. I did not catch your name.

Mr. Boudria: Don Boudria, Prescott-Russell.

Mr. Bailie: Yes, I am aware of those calls.

Mr. Boudria: Do you recall that the candidate's agent was listed as a deputy returning

officer in our riding and that the returning officer refused to disfranchise him? So we had to phone your office in order to order him to do that?

Mr. Bailie: Yes, I recall.

Mr. Boudria: Do you not think that those kinds of decisions by that returning officer should be looked at very seriously as well?

Mr. Bailie: I can assure you, sir, that any calls we receive from candidates or members are carefully noted in the file of the returning officer, and that is used as part of the evaluation process in judging which returning officers should be recommended to the chief election officer for renewal.

Mr. Boudria: In the case of our constituency, there were polling stations that were advertised and the owners of the polling stations were never contacted. As a matter of fact, on the day of the election they had not been notified by the returning officer of that situation. We had that happen in more than one case. We also had polling stations which were entirely outside a polling subdivision. For instance, there would be the poll of one village located in another village completely outside the boundaries. We may have brought that one to your attention as well during the campaign.

Also, concerning the map of the constituency, the map of the polling subdivisions, are such maps supposed to be available to riding associations and/or to candidates prior to the election and, if so, how long before?

11:20 a.m.

Mr. Bailie: It is not in the Election Act, but in the schedule of fees it is made clear to the returning officer that the payment of the fee for producing the map will be paid, a certain amount paid. The distribution of the maps is one copy to the chief election officer and one copy to the local association or candidate—either but not both—of each registered party in Ontario. Then an additional copy is required for use in the office. So one copy of the map is made available.

One of the difficulties we have is that in a minority situation, where we are having what might be classed as preliminary redistributions of polling subdivision boundaries, we have not suggested that returning officers immediately pass out the map because if there would be a subsequent realignment because of development, it is difficult to get the previous one—now the erroneous one—out of circulation. They are

available if the candidate or the association asks for them, but they are not sent out before they are requested.

Mr. Boudria: You were saying to Mr. Mancini that once or twice a year, because it was a minority situation, you were asking the returning officers to provide you with updated maps?

Mr. Bailie: No, a review.

Mr. Boudria: Could you tell us if that was done in the case of our constituency? Are there any constituencies in which that job was not done at all?

Mr. Bailie: In Prescott-Russell—and I am only going by recollection—I would suggest that it was neither asked for or necessary. There are certain electoral districts, like London North, Brampton, Mississauga and the Ottawa area where there is considerable development taking place, where I have asked for an annual review. But in an electoral district such as Prescott-Russell it would probably be more likely every second year.

Mr. Boudria: Mr. Bailie, the area called Orleans, which is the fastest growing community in Ottawa-Carleton, happens to be located in my riding. No updated map was done for that area between 1977 and 1981. In fact, roughly three months before the election I went to the township clerk, took the municipal map and brought it to the returning officer so that he would have one in case a snap election was called because I wanted to be the candidate.

Another thing, I just want to know for my own curiosity, whose decision was it to use cardboard polling boxes?

Clerk of the House: It was a joint enterprise. Mr. Bernie Newman suggested many years ago that cardboard polling boxes would be much more efficient than the kind we had been using.

Mr. Boudria: I still do not like it.

Interjections.

Clerk of the House: For many years we did not follow it up, but when the price for additional ballot boxes we might need or replacement ones of the type we were using continued to escalate, we took another look at it. After considerable consideration with all of the staff, we came to the conclusion that the cardboard boxes we are now using are by far the most efficient, the most secure of any boxes we had ever seen in an election. The reason they are more secure is that once that box is sealed

there is no way it can be tampered with without it becoming obvious that it has been tampered with.

Mr. Boudria: That may well be, but the electorate does not perceive them in that way.

Clerk of the House: Well, we have not had one complaint. It is the only thing in my years in the election office on which we have not received one complaint.

Mr. Boudria: I have a further question to that. Was any consideration given to a joint use of those polling boxes by municipalities and your office? For instance, perhaps municipalities could by some mechanism be provided with free polling boxes which they would then lend back for provincial elections because there is more polling for them than there is for us. We see the federal, municipal and provincial boxes—

Clerk of the House: We have always done this. We have always loaned boxes to the municipalities if any municipalities asked us for the loan of boxes when we had them available.

Mr. Boudria: So you do loan them to them in certain cases?

Clerk of the House: Yes, we have loaned them. Now with the new ones, of course, there will not be a question of loaning.

While we are on the subject of the new ballot boxes, I might tell you that these have created a great deal of interest right across the country. We are getting requests from many of the other provinces to send them samples of our boxes, relating how the box is used and our experience. The Nova Scotia people were going to use it in some of the polling subdivisions in the recent election. Unfortunately, the printer did not get the seals to them on time; so they had to abandon the idea and borrow federal boxes.

They have created a great deal of interest. I have been interested to note that my colleague Jean-Marc Hamel, the federal chief electoral officer, has shown a great deal of interest in them also.

Mr. Boudria: That is very interesting. I guess I just do not perceive them the same way as some people do. Maybe I will get used to them and will find them all right.

Clerk of the House: The idea that a ballot box is supposed to be some kind of a safe that can be run over with a truck is a fallacy. Who is going to run over it with a truck? The point is you want a box that is secure and is difficult to tamper with while it is in use, while the ballots are in the box. This is the most secure ballot box I have ever seen.

Mr. Boudria: I have one last question, if I may, Mr. Chairman. I had complaints after the election that certain people were not being granted the required number of hours to go and vote because they were working all day. Is it three hours?

Clerk of the House: That is not quite accurate. If they have three hours of their own time, they do not have to be given anything. If they do not have three consecutive hours of their own time, they must be given sufficient time off, at the discretion of the employer, to make up three consecutive hours.

Mr. Boudria: In any case, that was exactly the situation. I had a complaint from people who were working long shifts, four days a week, 12 hours, or something like that, in a local establishment. I reported it to your office right after the election and I was told then that the only way these people could get any action was to charge the owner of the place. You can appreciate that is rather impractical and would cause instant danger that one could lose his job if he tried it.

When I mentioned that to your office—I do not recall whether it was yourself or some other person to whom I spoke—I was told there was nothing they could do for those people if they did not charge them formally. Is there not any other way in which the act could be amended? You can appreciate that in a smaller establishment, a place where six or seven people are working, it could cause them to lose their jobs. There is no other way of looking at it.

Mr. Bailie: I can understand your concern. We did have several calls of this nature. I have been making a point of studying legislation in other jurisdictions and preparing a recommendation for Mr. Lewis. I agree with your concern and approve it.

Clerk of the House: I do too, Mr. Boudria, because over the many years I have been concerned with elections I have received many of these complaints while an election was going on. In each case where I have received a complaint personally, I have called the employer and told him he is breaking the law and that he is laying himself open to a charge. That is the best I can do. We have no punitive powers.

Mr. Boudria: On the day of the election that would work because that would scare the owner of that establishment and he would grant them the three hours the employees are allowed, but when it is reported to a candidate the day after the election and he tries to do something to

ensure that does not happen or find some way to punish the offender and ensure that it is not repeated, he finds himself with very little power. I would appreciate it, if you are looking into that, to rectify that situation.

Clerk of the House: At the moment, if the offended person does not wish to lay a charge, the only thing we can do is to write to the employer and point out to him that he has committed a serious breach of the law.

Mr. Boudria: That was not offered to me, Mr. Clerk.

Clerk of the House: It should have been.
11:30 a.m.

Mr. Martel: I have a question. In a town or a city, the voters' list is by street, with the names appearing house after house. That makes it much easier for candidates to work an area. In the rural area it is alphabetical, and that is a disaster. That just hurts.

Clerk of the House: I agree, but we can only have them in the order of street numbering where street numbering is in effect.

Mr. Martel: Yes, but surely when someone is going along doing the enumerating, he does not jump from house to house and criss-cross the street.

Clerk of the House: The act specifically says that where street numbering is in effect, it is done in the order of street numbering. Where street numbering is not in effect, they are alphabetical.

Mr. Martel: It is certainly within the power of the Clerk to make a recommendation that it be done by street even in the rural areas, one house after the other, so that it makes it easier for candidates to work in those areas.

Clerk of the House: We will certainly look into it.

Mr. Nixon: I might comment that in some progressive rural municipalities they are starting to identify the roads by names as well as by concession numbers, with the idea that certain numerical designations will be given to the farm houses—actually for quicker fire service and things like that. That might lead to the kind of assistance the honourable member is referring to. Actually, if the clerk would provide us with marked lists to begin with, it probably would make it a lot easier too.

Clerk of the House: As soon as that comes into effect in any area, that is how the lists are prepared under the act.

Mr. Martel: There is discretion left in the individual returning officer, though.

Clerk of the House: No, not under the act as it is now. It says where street numbering is in effect, it is by street numbers, and where street number is not in effect, it is alphabetically.

Mr. Martel: It is a disaster. I think what you should do is ask the government to bring in an amendment which would see it done the other way.

Mr. Nixon: This was designed surely to assist the deputy returning officer in seeing that the person who votes is on the list. If the list in a rural area were mixed up, say, in order of concession three, South Dumfries, it might be a little difficult for the returning officer to find a name to strike off.

If it is in alphabetical order, when a person comes in and gives his or her name, the deputy says, "Yes, you are on the list. Please go ahead and vote." I suppose that the lists are really prepared for the convenience of the deputy returning officer and the voter rather than the candidate. Maybe there ought to be two lists.

Mr. Boudria: The point is, after doing the list by going from house to house, the enumerators find some people are not there and they have to come back. That is why the list is all mixed up.

Mr. Martel: When they do it the first time, it is all mixed up anyway and they put it in alphabetical order. So what is the difference?

Clerk of the House: The point is this, as Mr. Nixon was saying, when a voter comes in to vote in a municipality where street numbering is in effect, he gives his name and address, and there it is.

Mr. Martel: Or he could say he is from North Dumfries, number two concession. If you break it up by streets and concessions the way you do in the city, there would be really no difference.

Clerk of the House: We will certainly have a look at that and see if we can work out an amendment that might be offered.

Mr. Boudria: By the way, they are not alphabetical. They are only by letter groups, are they not? The A's are together and the B's are together, but they are not sorted. That makes it difficult because one will find Mr. Allen is first and Mr. Albert is later.

Mr. Nixon: Some enumerators have more trouble in alphabeticising than others. I have found.

Mr. Boudria: Yes, they cannot spell.
Item 3 agreed to.

Mr. Chairman: Now we will revert to item 1 and go through in sequence. Item 1 is Office of

the Speaker. I am sorry, excuse me just a minute. We have the Commission on Election Contributions and Expenses. We had better do that one while Mr. Lewis is still here. It is item 11.

On item 11, Commission on Election Contributions and Expenses:

Mr. Chairman: Mr. Wishart, would care to go ahead? Do you have an opening statement?

Mr. Wishart: Mr. Chairman, there is little of particular significance in our estimates, little variation of any great amount over the years. I might say we are now in our seventh year of operation as a commission and this year, being an election year, our work load has been very substantially increased. That is reflected in the estimates in the candidates' subsidies and the subsidies paid to auditors.

This is perhaps not relevant to our estimates, but for some members of the Legislature here who have not yet received their expense subsidy, I would like to say there were 436 candidates. All of them, of course, were required to file a return with us. The campaign period did not end till July 19 and the return was due on September 19. They did not all come in as promptly as we would have liked, but we dealt with a great number of them. We should be able to meet the requirements of those of you who are still waiting and have those subsidy cheques in your hands very shortly.

We have been putting forward recommendations for amendments to the Legislature each year and we have some reason to anticipate that perhaps this session a bill will be presented which will consolidate those amendments. If that should happen—and we hope it will—it would improve our performance by improving the act in order to make it more simple to operate.

You will find, in looking at the estimates, that the variation over the years has been somewhat less than the rate of inflation. We have the same staff, nine in number, including myself, that we have had over the past several years. You are all familiar with the makeup of the commission itself. It is composed of two members of each of the parties in the House, the chief election officer and a bencher.

If you could direct your attention to the estimates, we would be glad to answer any questions.

Mr. Mancini: Mr. Wishart, I want to ask some questions, if possible, concerning a report which appeared in the *Globe and Mail* about the

returns in the Carleton by-election. There was mention in the newspaper report that the winning candidate had originally submitted expenses in the neighbourhood, rounding the figures off, of about \$50,000. Then for some reason I could not understand, or could not understand clearly from the newspaper article, another return was submitted to your office increasing the expenditures of the winning candidate to approximately \$105,000.

I was wondering, Mr. Wishart, if you could give the committee a full explanation as to why a second return had to be submitted by the candidate, what it entailed, and whether the second return was encouraged by your office because of particular findings? How did this happen? I did not get the clear gist of it from the newspaper article.

Mr. Wishart: Mr. Mancini, that was a little difficult perhaps for all of us to understand originally. The first return filed with the commission by the Progressive Conservative candidate in the Carleton by-election was audited, as required by the act. It came in to us with nothing to indicate anything out of order and was approved by the commission, as all returns are submitted to the commission.

11:40 a.m.

It was drawn to our attention that there had been a very substantial amount of media advertising in that election, apparently paid for, to some extent at least, by the candidate. We got the Progressive Conservative Party return which showed some \$52,000 in advertising expenditure in that by-election. It was really from discussion with a newspaper reporter, who came up to our offices and said he had seen the advertising, that we made further inquiries after the return had been approved. We discovered that Foster Advertising, which had handled a great deal of the election advertising for the PC party, had an account which they had not rendered to anybody. I believe it was something in the neighbourhood of \$9,000.

I got in touch myself with Mr. Scott of that agency and asked him about it. He professed considerable embarrassment, and I am sure he was embarrassed. He said the account had been handled through one of their subcompanies. The advertising had been prepared; the account had been returned to Foster; it had lain on somebody's desk at Foster and had not been sent out to anybody.

We asked: "Who are you sending it to? It is strange to me"—I talked to him myself—"that

the by-election took place last fall and yet a bill for advertising during the campaign involving a company such as yours has not been rendered to anybody."

He said: "I am embarrassed. It just has not been sent out." So I said to him: "You should get it out because it affects the work we do in this commission. We want to know who is being billed for it and we want it accounted for."

He then immediately sent it to the candidate's chief financial officer in the Carleton by-election. He reported it to us, but we said, "You will have to file another return which we will lay in front of the commission." It came in, was reported to the commission, exhibited to the commission and approved.

Mr. Mancini: There is still one point which is unclear to me. The winning candidate filed a return of around \$50,000 or a little better for expenses. Then the other return came in of over \$50,000. I do not know how that fits in exactly with the \$9,000, but what initiated the second return to come in? Why was it necessary for the second return to come in at that time and not originally with the original receipts from the winning candidate?

There seemed to be in the newspaper article some reference that that second \$50,000 did not come in until your office coaxed certain officials.

Mr. Wishart: You are talking now about a PC party return; that's the \$52,000.

Mr. Mancini: Yes, the \$52,000.

Mr. Wishart: When the party return was filed, it showed by-election expense, not necessarily advertising.

Mr. Mancini: But that was not originally filed with—

Mr. Wishart: Oh, yes. That was in the return originally.

Mr. Mancini: Oh, it was? It was in the original return?

Mr. Wishart: It was in the original return, but the party chief financial officer took some exception to that figure and said that much of the \$52,000 spent by the party was spent on research with a view to using the results in a general election, which we were aware would follow, and that he did not wish to file a return claiming any expenditure in the by-election. Those results were to be used in research in the general election.

The commission insisted, on a vote, that they

do file and show that as a by-election expense. But it was in the original return and was all laid in front of the commission.

Mr. Mancini: How were you able to monitor it? For example, in this particular instance, the commission was not able to verify on its own that this \$9,000 was in question. Do you have any mechanisms in place to keep an eye on this type of expenditure, as in a general election which we just went through?

Mr. Wishart: I can only say to you that each return comes to us audited, signed by the auditor and certified. If there are any errors or questionable things in it, they are in the auditor's report as a rule, although auditors do not, I must say to you, take it upon themselves as a part of their responsibility to check a return as to whether there is ever an offence against the act.

For instance, a contribution may be from a partnership, which is counter to the act. An auditor may not check to see if it is a partnership or an individual. There may be a partnership name, which is probably a company. They do not always check that out. There may be contributions coming in from two or three companies which we will find out are associated, but the auditors do not always check those.

But generally the returns come in very well checked as to amounts by auditors and our means of checking is, of course, to go to the chief financial officer and say, "We want further information." We check, if necessary, with the bank. We go back to the auditor and ask, "What did you find here?" We will quite often, as you perhaps are aware, check with the candidate to see what he knows.

We monitor it very thoroughly. I do not think we risk anything. We check the parties, the candidates, the associations. Mr. Joynt himself is a chartered accountant and he is quick to catch a matter of that kind. Every return that comes in, whether it is a candidate's campaign period return, the constituency association annual return, the constituency association campaign period return, or the party return for the campaign or for the annual period, is checked very thoroughly.

Mr. Mancini: I just want to add, Mr. Chairman, before I give up the floor, that I want to thank Mr. Joynt for all the assistance he has given our official agent in the riding, the chief financial officer. We really appreciate that because the law is quite complex and when these people take on these responsibilities they

are not quite sure of all of the ramifications of the law and what it entails. We want to thank you for all of your assistance. It has been quite helpful.

Ms. Bryden: Mr. Wishart, did I understand you to say that the \$9,000 had been ordered by the candidate? There are fairly strict limits on how much a candidate can contribute to his own campaign and, therefore, he could not take on a liability himself for a bill of that size.

Mr. Wishart: Ms. Bryden, I hope I did not say it was ordered by the candidate. It was not a contribution by the candidate; it was by his chief financial officer. It was advertising in the candidate's by-election campaign, which was properly chargeable to the candidate and payable out of his campaign fund, the fund which was handled by his chief financial officer.

In the original returns there was no mention of it and there was no indication of it. It was only by investigation with the advertising agency that we discovered it, discovered that the account had not been rendered to the party, to the candidate or to anybody. It was lying in Foster Advertising's office. When it went out, it became an additional amount to what he had spent in his campaign. We said, "You must file another return and have it audited," which he did.

It was purely an advertising item added to the advertising which he had reported in his first return and it came out something less than the amount permitted by the Election Finances Reform Act.

11:50 a.m.

Ms. Bryden: The chief financial officer apparently did not know about this particular order.

Mr. Wishart: No, he did not know. We did not know. The party did not know. The account was buried in Foster's poor style of doing business, in my way of thinking, if I may say so. Six months had gone by and no one had received the account.

Ms. Bryden: It seems to me the candidate should also have told his chief financial officer that this—

Mr. Wishart: One might think—and some of us have raised this—that the candidate would surely be aware from watching his campaign that the advertising amount he reported was probably inadequate. But I think that is purely speculation because there is a great deal of advertising. How would the candidate know?

I do not know how much a candidate in these days watches his campaign. He is not supposed to handle the money. He is not involved in the

money end of it; that is the chief financial officer. He might have reckoned that some of the account was missing, but he took the bills he had and reported that.

Mr. Boudria: Mr. Chairman, I will change topics if that is okay. I have heard enough of Mr. Mitchell for this morning. I just wanted to bring up one other topic.

I believe that each riding association has to file once a year, is that correct? Each riding association for each party in Ontario has to submit a report to your commission once a year.

Mr. Wishart: There is an annual report required from each constituency association once a year, to be filed for the calendar year and to reach us by May 31 in the next year.

Mr. Boudria: Am I to believe that if riding associations get together as a group and file—

Mr. Wishart: Mr. Joynt reminds me—it was not part of your question—to say that constituency associations must also file a campaign period return for an election.

Mr. Boudria: Oh, yes, of course. That is understood. I was referring now to the annual report made by each riding association, if I can get back to that. Each riding association is then provided a grant of up to \$500 to pay for the auditing fees, is it not?

Mr. Joynt: No, it is \$250.

Mr. Boudria: If a bunch of riding associations got together—I am thinking of one particular political party that groups all of its returns together—would they get \$250 for each riding association? I am bringing in the NDP situation here.

Mr. Wishart: The act provides an audit subsidy or audit fee up to \$250 for auditing an association's annual return.

Mr. Boudria: If a political party hires an auditor on staff and he does all 125 riding associations, would they get 125 times \$250 for that staff auditor of the political party?

Mr. Wishart: He would get his fee, which he would make out an account for, a bill for that association. If he did 20 associations and sent out 20 bills, provided they came within the limitations of the amount in the act, he would get paid.

Mr. Boudria: Would I be right in saying that the New Democratic Party operates exactly that way? Do they get 125 times \$250 for an auditor they have on staff?

Mr. Mackenzie: No.

Mr. Martel: Who is on staff?

Mr. Boudria: I do not know; I am asking.

Mr. Joynt: No. Under our legislation the auditor must be a licensed public accountant. You are suggesting, I think, that Mr. Nayman might be a staff member of the New Democratic Party headquarters and that he is carrying out all these audits and maybe the money is going to the party. That cannot be.

Mr. Boudria: That cannot be done?

Mr. Joynt: No. The audit fee is the lesser of the actual fee charged or the subsidy as provided by the act and is payable to the auditor that registered with the commission. Then, of course, it becomes his money and he can only contribute to the party up to the maximums allowed by the act.

Mr. Boudria: So one person could not be on staff of a political party and the funds be—

Mr. Joynt: Be diverted to the party? No.

Mr. Nixon: Could you provide us with the information as to what the professional fee is in that instance, or is that public information?

Mr. Wishart: It is a separate one for every account.

Mr. Joynt: That fee should be based on the scale of the Institute of Chartered Accountants. Approximately \$50 an hour would be my guess. Some auditors do it for less. Some financial returns are very complex. Some records are very—what shall we say?—messy. Sometimes a lot of auditors do get chief financial officers who put together a financial statement from very difficult situations. I was a member of the institute, and I think my staff will support me in this when I say we feel very strongly that we would not be as far ahead in the administration of our act if we did not have the support of the members of the Institute of Chartered Accountants.

Mr. Nixon: I was just interested because actually I think the idea of having a centralized audit is a good idea. But if one auditor does 125 constituencies, is it public information as to what fee he charges and is paid? If so, what is it?

Mr. Joynt: The name of the auditor and the amount paid would be indicated right on the financial returns that are submitted for the commission.

Mr. Nixon: Can you tell me then if the NDP has a single auditor?

Mr. Joynt: They have one auditor who does audits for the majority of the New Democratic Party candidates.

Mr. Nixon: Can you tell me what the payment from the commission to that individual has been in the past?

Mr. Wishart: Mr. Nixon, could I draw your attention first to section 16 of the act we administer? "All documents filed with the commission are public records and may be inspected by any person upon request at the office of the commission during normal office hours." Then in subsection 2 it says: "Any person may take extracts from the documents referred to... and is entitled to copies thereof upon payment for preparation of the copies". I think we charge 10 cents.

A candidate's or an association's return will have attached to it the auditor's account which is billed to the association or billed to the candidate. It comes to us. We requisition it from Treasury and pay it. It is a matter of public record. One auditor, as Mr. Joynt has mentioned, does the great majority of the New Democratic Party returns for candidates and associations.

Mr. Nixon: So the way for me to find out how many public dollars have been paid to that individual who does the great majority is to go up and inspect 125 returns, not to ask the chairman of the commission how much has been authorized.

Mr. Wishart: I think we could put that information together for you very quickly.

Mr. Joynt: I would suggest it is also in the public accounts of each year, the total payments made to each audit firm.

Mr. Nixon: As far as the payments made last March are concerned, I would get that perhaps a year from now?

Mr. Joynt: That is right. We could come up with that figure quite readily, though.

Mr. Nixon: I would be interested in knowing and I would not mind writing you officially to find out.

Mr. Wishart: You people gave us this act to administer. We can only get the return when the act calls for it. Sometimes we do not get it then; they are sometimes late. But we give them to you as quickly as we get them.

Mr. Boudria: One further question. We had a situation during the election in my area which involved the weekly newspaper. Weekly newspapers are allowed to advertise up to the day before the election under the act. Daily newspapers have to stop, I think two days before.

We had a case of one paper which publishes every Wednesday and Saturday and, of course, is not a weekly. Under general agreement in the newspaper industry, anything that publishes

more often than weekly is considered to be a daily, although to all intents and purposes this particular paper is a weekly type of newspaper. When you are bringing forth the amendments to the act, will there be something in them to reflect that kind of situation, or are you always going to consider it to be a daily newspaper?

12 noon

Mr. Wishart: We proposed an amendment in that area of the weekly newspaper which normally is published on a Thursday and so on. We had one amendment approved; I think it was the only one we got. But we had a number of situations, particularly in the last election, of newspapers getting into difficulty, I think most of them unconsciously or not deliberately.

That is an area of the act that perhaps needs further consideration. I would only say that when the bill I anticipate will come before the Legislature and is being debated, you should look carefully at that side.

Mr. Boudria: Thank you. The situation happened to us. We looked at it and were not sure. We asked for a ruling from your office and asked you to phone the newspaper and give them the same ruling for all candidates so that all three candidates would be treated equally. I do appreciate your doing that as well as all the help you gave my CFO and myself during the election campaign.

Mr. Wishart: I should like to say to you that there were seven or eight complaints of this nature. Every one was brought to the attention of the full commission, was debated and discussed and the facts were laid before the members of the commission. Then we acted in accordance with the decision of the commission.

Mr. Boudria: Just to expound on that a little bit, ours was not really a complaint per se. We just did not know what to do. The act was unclear. We wanted a ruling on it so that we could act accordingly.

Mr. Wishart: It is a difficult situation when someone makes what sometimes are honest errors, but the damage is done. Then what do you do about it?

Mr. Chairman: Just before you speak, Mr. Martel, we have about 42 minutes left. The intention was to run for the full period, which ends at 12.45, with the Office of the Assembly. The time for that debate will then have expired. After a very short lunch we will move into the

Office of the Ombudsman and try to clean that up this afternoon, instead of the Ombudsman bringing his staff back later on.

Interjection.

Mr. Chairman: I don't know. Is there a laid-on lunch? No. We are just having coffee, and the coffee pot is empty too.

Mr. Martel: I have just a couple of points. In the final analysis you really have no way of checking specifically how much each riding association is spending or how much a candidate is spending. You have what is returned, but you have no way of monitoring if that is the precise amount of what they are actually spending.

Mr. Wishart: The riding association has its organization. It has a treasurer, a chief financial officer, who is the man we are concerned with. He is required by the act to report money he has received, every cent of it, during the year or during the campaign period, if it is a campaign period return we are speaking of. Then he must show and furnish vouchers and receipts for what he paid out.

I could only be very suspicious-minded if I were to—

Mr. Martel: Well. I am that.

Mr. Wishart: —take the view that he could deceive the commission.

Mr. Martel: I am just saying it could be done.

Mr. Wishart: I suppose it is possible, but I do not think it is prevalent at all. I have never heard of a case.

Mr. Martel: I am just saying that you do not have the mechanism, or you would need a much larger staff if you were going to attempt to—

Mr. Joynt: It is a self-policing situation to a degree in so far as the campaign is concerned.

Mr. Martel: Yes.

Mr. Joynt: I think it is a normal practice that candidates, or members after being elected, may get copies of the opposing candidates' financial returns and take a look at them themselves to see if they have things properly accounted for, such as advertising, maybe TV or otherwise. But even the Institute of Chartered Accountants says that if it does not go through the books, how can you find it?

Mr. Martel: Right. That is the point I am making.

Now that we have established the New York Yankees of the Legislature with their high-priced talent, do you not believe that, as the

federal government has moved, we have to move to some limitations on expenditure? What is your own personal philosophy on it? It is reaching a point where—and there is no sense quibbling—the Tories are spending in riding after riding \$40,000, \$50,000 or \$60,000, whereas federal ridings are probably 30 per cent bigger than every provincial riding, and there is a limit of \$30,000. We are reaching a point where, if this is allowed to go on, there is simply no way that the democratic process is going to function.

The type of expenditure is such that in five elections combined I have not spent what the Honourable Larry Grossman has spent in one.

Mr. Nixon: But you have a pocket borough.

Mr. Martel: I have a pocket borough, yes.

It reaches a point where the type of money that is being spent in society is perverse—in the name of power really.

Mr. Mancini: That is a Legislature problem.

Mr. Wishart: We can only take this act as we find it.

Mr. Martel: No, I am not asking about the act. I am asking for your personal philosophy.

Interjections.

Mr. Wishart: We have done some study on it. There were a great number who found they did not have the funds to spend and came out with deficits rather than surpluses. They did not even get the subsidies paid by the Legislature. The short answer is that this act is for the Legislature. We do not enter into political discussion as to how it should be framed.

Mr. Martel: I did not expect you to answer.

Interjections.

Mr. Martel: By the way, according to the Premier, you are not going to see any amendments this fall again.

Mr. Wishart: Perhaps I could say if I were sitting across the House from you, as before, I could enter into a discussion with you.

Mr. Martel: It is interesting that the House leader for the government just praises all the candidates from his own particular party, which I expect him to do. But then it took nearly \$50,000 for each one of them to win.

Mr. Wishart: There are a lot of poor fellows that would—

Mr. Brandt: There are a number who spent considerably less than that.

Mr. Martel: Some spent \$36,000.

Mr. Brandt: That's right.

Mr. Martel: I won't name any.

Mr. Brandt: You used numbers such as \$40,000, \$50,000 and \$60,000, just to clear the record.

Mr. Martel: You want to check what went on. I went over the list and yours was a piker campaign. You spent only \$36,000.

Mr. Stokes: I just have two comments. I should like to add my voice to those who have already expressed similar sentiments and say how much I appreciate the way in which you administer this act. I know you have had numerous amendments that were placed in the proper hands for submission to the Legislature and, with one exception, you have been singularly unsuccessful.

Can you suggest any way in which the kinds of amendments that the commission recommends can get before the Legislative Assembly in a much more expeditious way than they do at the present time?

Mr. Wishart: Mr. Chairman and Mr. Stokes, I should like to say, first of all, that I very much appreciate your comment as to the administration of the act. I would like to really pass credit to my staff and particularly to my colleagues on the commission. In our administration of the act over these nearly seven years, we have had many questions arise that could well have been treated in a partisan way. I have never observed any partisanship by any member of that commission, and the members have changed a bit from time to time. That is true of all of them.

As to amendments, the act requires that they be submitted to the Speaker. We do that promptly as soon as they are recommended. I am sure we also send them to the leaders of the three parties in the House for their attention. It is the government, of course, which has the authority to say, "We will bring forward a bill." That has not been done.

The only saving grace, I suppose, is that most of those amendments—we have kept away from what we consider political policy amendments; we feel that is for the Legislature—the amendments which we have so far proposed have been housekeeping. We can manage the act. We could do it more efficiently, I think, if our amendments were passed. We have not been really seriously hampered in the administration because the amendments were not passed.

12:10 p.m.

We had a discussion at our last meeting on September 30 on the question of whether our contributions—with this we are getting perhaps into a political field—should be varied, increased.

The act was passed in 1975 and those amounts recommended by the Commission on the Legislature, chaired by Mr. Camp, have never varied. It has been suggested to me that \$500, the top limit that a candidate should contribute to his own campaign, is pretty small potatoes these days and perhaps it should be increased. But our commission shied away from it. I leave it to the Legislature. We will not be making any recommendations with respect to contributions, and there is a distinction. Perhaps it is not fitting for a commission of the government, although we have the power to recommend amendments, to tell the members of the Legislature what their policy decisions should be. We will probably continue to shy away from that area.

Mr. Stokes, I know the Speaker was not at fault when we sent these amendments forward. The government just decided they were not urgent enough to put on the floor. I believe it is moving now to a bill for this coming session.

Mr. Stokes: Has it ever occurred to you that perhaps a better way to handle elections and all of the administrative trivia that goes along with them is to combine the election office with the Commission on Election Contributions and Expenses?

Mr. Wishart: No, I do not. Perhaps I am prejudiced because I have become very familiar with this act and its administration. From the very beginning it was very well accepted, and it has involved a great many people who, before the passage of the act, were not so active or involved in political affairs. This involvement has been a very good thing. I would say there have been practically nil instances of people trying to defeat the act or evade or avoid it.

Mr. Stokes: Let me remind you that the chief election officer is a member of your commission. There is that tie-in. If it is all that good, why do you not combine the two?

Mr. Wishart: I do not know what that would achieve except that we would pass the commission over to him and say, "Here is the staff and go ahead." I do not know about the body that might administer the act, but I think the terms of the act are good. They are well designed and they work. The act has resulted in a very clean and efficient political performance throughout the province. I am speaking of everybody—chief financial officers and candidates, associations and so on.

Mr. Stokes: I just wondered whether you had given that any thought. What is your responsibility under the act with regard to candidates

recalcitrant in filing returns? I understand you have a considerable number of them. What will you be doing?

Mr. Wishart: That is the chief fault, I guess you would say, and it is the failure of chief financial officers of associations and of candidates to file on time. They get at it but they are slow. For instance, the last general election was March 19. The campaign period ended on July 19. That allowed April, May, June and July—four months. Then the act says the campaign period return is to be filed by September 19. That is six months after the election day. Yet we are still waiting for a number—not a great number now—of candidates to file their campaign period return. We are still waiting for the constituency associations—a larger number.

I myself wrote letters from the date of the election on saying not to forget to get at this, get it in, get it in on time, particularly if there is a subsidy involved. I wrote three letters and then I telephoned to ask how they were coming before the date of filing. They said, "No problem," but two weeks later the date goes by and they are in default.

All we can do under the act is report every offence, and failure to file is an offence. Late filing is an offence. We report it to the Attorney General. If he wants to prosecute, he has to get our consent, but he has never been refused consent to prosecute whenever we have decided to do so.

I have some sympathy. I do not condone the chief financial officers' failure to file. It is simply a lackadaisical failure to get at the job. I do not think he should take it on if he does not intend to do it. But perhaps you have some little fellow out in the boondocks who has some political feelings but is not trained. He is not a chartered accountant. He has his own business and he is trying to make a living. His candidate perhaps loses the election, and the heart has gone out of the matter. He sits down to try to put together the receipts and the expenses and goes to the bank. People will check if he did not. We keep after him and after him and, finally, he comes in a week or 10 days late. I cannot really feel that he should go to jail for that.

Mr. Chairman: Mr. Mancini, do you have questions?

Mr. Mancini: No. We are running short of time, Mr. Chairman.

Mr. Chairman: All right. Are there any other questions on this side?

Hon. Mr. Gregory: I had one about the late returns. I would not think, as a general practice, all sitting members would have theirs in on time.

Mr. Wishart: Their campaign return may be late, but if it is not in when the Legislature opens, they cannot sit. We have to tell the Speaker immediately that they are in default if the CFO has not filed a return. The Speaker has to report that to the Legislature under section 47 of this act, and if the Legislature does not find an excuse for him, he cannot sit.

Hon. Mr. Gregory: By the very nature of that and your actions in regard to a sitting member, it would be somewhat different than it would be with a defeated candidate.

Mr. Wishart: Yes. Another thing is that section 47 really only refers to a sitting member. What follows recounts that he must be reported to the Speaker for failure to file—failure of the CFO to file—and the Speaker must notify the Legislature. If the Legislature does not find, I think the act says “mitigating circumstances,” he is out of the House till he does file, and then he may get back in.

Hon. Mr. Gregory: Mr. Chairman, I have another question. Is it illegal, is it improper for a chief financial officer of a riding association who is a chartered accountant also to be the auditor?

Mr. Wishart: He cannot be the auditor. He cannot be both. You can be an auditor and be a CFO, but you cannot audit your own accounts. You have to take them all to another auditor.

Hon. Mr. Gregory: If you were in a partnership, could a member of that partnership be the auditor?

Mr. Wishart: I believe that is permitted.

Item 11 agreed to.

Mr. Chairman: Now we will revert back to item 1, which is the Office of the Speaker.

On item 1, Office of the Speaker:

Mr. Chairman: Do you have any opening remarks, Mr. Speaker?

12:20 p.m.

Mr. Speaker: No, I do not think so. I think everything is straightforward. This is a new experience for me and I am rather looking forward to some of the questions and maybe looking forward to some of the answers even more.

Mr. Mancini: Mr. Speaker, have you given consideration to the reintroduction of the Speak-

er's procession from your office to the chamber for the start of the day's sittings as has been done under the former Speaker?

Mr. Speaker: No, not seriously. I have thought about it on a very individual private basis, but I have not given any serious thought to reinstating it.

Mr. Mancini: I would like to say I think it gives the Speaker and the chamber a lot of dignity. I have had many schools visiting the Legislature and they always enjoyed that procession a great deal. If in the future you feel you want to give that more consideration, I think it would be appreciated by some of the members.

Mr. Speaker: I do not have any strong feelings about it one way or the other. When it was discontinued, I did make the statement that if I had a response from various members I would reconsider it, but I have not had any except yours. I think one of the things that bothered me—and this is something of a personal nature which does not affect me but just an observation, if I may—was that it seemed to me some of the people, and I do not say this in a derogatory manner, coming up the stairs and into the assembly on a very direct basis were under some physical stress and strain.

What I would like to do and what I have been thinking about on a very personal sort of basis is if there were some way that the procession could assemble on the same floor rather than come up the stairs—

Mr. Mancini: Not everybody has to take part in the processions; some people could always be in the chamber waiting.

Mr. Speaker: These are things on which I am open to suggestions.

Mr. Mancini: My second question is, have you had any negotiations with the Minister of Government Services concerning putting the whole legislative building under your jurisdiction as is the case in many other provinces and the House of Commons? If not, do you plan to give that some consideration for the future?

Mr. Speaker: No, I have not had any discussions with the minister or people in the ministry. I guess I would seek the direction of a committee with regard to that. Having sat on the members' services committee earlier and knowing that was one of the topics of discussion, I think I would look for direction from that sort of committee.

Mr. Mancini: The only problem with that committee, Mr. Speaker, is that it does not seem

to have the political clout here in the Ontario Legislature that the same committee has in the House of Commons in Ottawa. We made several recommendations in the past that really have more or less fallen on deaf ears. I think some of the initiative, if this is ever going to happen, must come from the Speaker's office. I think you can expect support from the majority of the members' services committee, from the way I see things right now, but I do not think that in itself is going to be enough to make it happen.

Mr. Speaker: As you know, I am meeting with one of the committees very shortly and I would be pleased to discuss that at that time.

Ms. Bryden: Mr. Chairman, I notice that the estimate is up slightly under \$30,000 which, I suppose, is mainly inflation these days. I would like to ask if there is included in that estimate any amount for an executive assistant to the Speaker.

Mr. Speaker: Not to my knowledge, no.

Ms. Bryden: Do you have plans to request an executive assistant?

Mr. Speaker: Yes, I do. I have, but he is hired on a contract basis.

Ms. Bryden: Where would it be charged then?

Mr. Speaker: That is provided for under—

Mr. Fleming: That would be put in under a supplementary amount.

Ms. Bryden: That is a supplementary estimate to the Office of the Speaker. Could you tell us what plans you have for an executive assistant? I believe the previous Speakers have not had one.

Mr. Speaker: That is right, to my knowledge.

Ms. Bryden: Can you tell us why you think you need an executive assistant?

Mr. Speaker: I think, first of all, because of the level of work, the work load itself, and, perhaps more important, the liaison with all the members in the Legislature. This is a rather interesting observation on a very personal basis. I have found, through lack of familiarity, people from the party which I represent did not know me. They hesitated to contact me because they did not know what the reception was going to be. I guess I am trying to make the office as open and accessible as it can be.

Ms. Bryden: When you talk about the work load, what specific work that comes to your desk would the executive assistant be able to handle?

Mr. Speaker: I do not think it is a matter so much of handling work that comes to my desk, but rather, as I said before, the main duty and responsibility is to provide an access or a liaison, a consultation process, whatever you want to call it, with the other members.

Ms. Bryden: Can you tell us what salary would be attached to this position?

Mr. Speaker: Yes, \$32,000.

Mr. Mancini: Who is the person. Is he here?

Mr. Speaker: Yes, he is here. Tom McKay is his name and he is sitting down there. Stand up, Tom, so everyone can see you.

Ms. Bryden: I find it hard to understand how previous Speakers were able to maintain access with the members without an executive assistant. I certainly think Mr. Stokes' door was open if one wanted to discuss a matter.

Mr. Speaker: I think there are other matters, other extenuating circumstances, not the least of which is the fact that I represent a very active riding. I am at a distance which is convenient to run back and forth and people expect me to do that. It is a combination, I guess, of several things: work load, trying to serve the members of the Legislature better and, to some degree, to serve myself or my constituents.

Ms. Bryden: Do you not think that that is something that your constituency association should look after, if you need an executive assistant to look after riding matters?

Mr. Speaker: That is an interesting observation. Our constituency association has never had the money, nor, I guess, that close a participation in the ongoing activities of the member.

Ms. Bryden: Is it not perhaps the responsibility of the provincial organization, if the Speaker has special problems in his riding, to see they are looked after?

Mr. Speaker: No, do not misinterpret. It is not a matter of special problems in the riding any more than it is special problems any place else. I think in order to perform the task which I was elected to do, both here and in the constituency, it became obvious that I needed some extra help. I stand to be corrected on this, but I have a very strong feeling that the work through the constituency is probably at a higher level than that of most other members. I just use that as an example.

Ms. Bryden: I concede that the Speaker is absent quite a bit of the time, but whether this should be—

Mr. Speaker: I do not want to leave the impression that he is involved on a partisan basis because that is not the point. When I say constituency activities, they would be activities of a nonpartisan basis, attending meetings on my behalf. I have over the years become very closely involved with various organizations, various groups in the constituency, some of which I have had some difficulty latterly in accommodating.

12:30 p.m.

Ms. Bryden: Do you know if other Speakers across the country have executive assistants?

Mr. Speaker: No. I did not consult on that basis with anybody. I really just took my own circumstances into consideration.

Ms. Bryden: We are supposed to be in an expenditure restraint situation, but we seem to be creating new jobs of this sort rather than creating jobs for all that increasing group of unemployed out on the streets. It seems to me that this is a case where perhaps we should have looked at our other priorities first.

Mr. Speaker: I guess I did look at my priorities and assessed them very carefully. I can tell you I did not arrive at the decision lightly. It was something I gave a great deal of thought to over a long period of time. I guess it was more obvious to other people before it was to myself. It was urged on me by others in the beginning that I should give consideration to this sort of assistance.

Ms. Bryden: Do you have a job description for him?

Mr. Speaker: Yes. I do not have it with me, though.

Ms. Bryden: Can you make it available to the committee?

Mr. Speaker: Sure.

Mr. Mancini: Was that approved by the Board of Internal Economy?

Mr. Speaker: No.

Mr. Mancini: It was not necessary for the board to approve that?

Mr. Speaker: No. Tom is hired on a one-year contract.

Ms. Bryden: Just one other question: have you received from Mr. Wishart any list of delinquent elected members?

Mr. Speaker: No, obviously I have not. I thought it was rather interesting that all the sitting members have filed.

Mr. Brandt: Mr. Chairman, I have a question to Mr. Speaker in regard to the budget estimates. Looking at page eight on the line estimates, it appears that the 1979 actual and estimates are about \$50,000 below what the anticipated expenditures were going to be. Following along perhaps some of the questioning that Ms. Bryden was pursuing, the 1980 and 1981 estimates appear to be based on the estimate expenditure, rather than the actual in terms of the increases from that year on.

Is there a reason why—and the former Speaker may be able to answer this better than you—there is about a \$50,000 expenditure below what was estimated?

Mr. Speaker: No, I do not know any reason why that should be.

Mr. Brandt: What I am saying is that the actual amount spent was well below what the estimate was proposed to be.

Mr. Speaker: I suppose the fact is that there was an election and it was not a full year. An election intervened. I do not know whether that is the answer or not.

Mr. Brandt: The increases from that point on appear to be built on the estimate, rather than the actual expenditure, so it would follow that—

Mr. Miggiani: I have the answer to that, Mr. Speaker. At that time the drivers for the leaders of the opposition parties were charged to the Speaker. Then they were transferred from that budget to the sessional requirements. So there was that drop. Actually, you will find that the Speaker's expenditure was dropped as a result of that transfer and sessional requirements would have gone up.

That was one of the major contributing factors, the fact that the drivers for the leaders of both opposition parties were charged to the Speaker.

Mr. Brandt: Then on the increased amount from the actual, was something else added into that budget to result in something considerably above inflationary increases from the 1980 to 1981 estimates?

Mr. Miggiani: In that year there would be the cost of living increase, which would contribute to the increase.

Mr. Brandt: There was no additional staff added or any other functions that would absorb part of that cost that was taken out?

Mr. Miggiani: I do not recall that there was any additional staff. Oh, yes, there were two additional secretaries that were introduced in

the Speaker's budget. One was for the Deputy Speaker and the other one was for the Chairman of the whole House.

Mr. Brandt: There is a \$60,000 increase from the \$196,000 actually spent to the estimate for 1980-81, which on a percentage basis is relatively high.

Mr. Miggiani: You are talking about two years ago. There would be the drivers and these two secretaries I mentioned. The drivers now are making \$18,000 apiece. It was probably a little less then; they were probably making \$15,000 at that time and the secretaries were probably in the \$13,000 to \$14,000 bracket. So that could possibly answer it. I am answering this question in the absence of documentation; I am just going back on memory.

Mr. Martel: I would like to go back to the executive assistant, if I might. I am finding this hard to accept and I will tell the Speaker why.

The funds at the Speaker's disposal are there to be used totally in a nonpartisan fashion. I have no difficulty with the Speaker having someone here, doing the job here, to assist the Speaker here. However, I have difficulty accepting that someone is hired out of a fund which is totally nonpartisan and we are sending that individual back to a riding to work in a riding. There is a constituency assistant afforded to all members for that specific purpose.

I guess the difficulty for the Speaker always is that he has to appear to be neutral and that the funds at his disposal have to be used in the same fashion. I do not think there is disagreement on that. I do not know how the Speaker thinks it will be perceived to be neutral if his executive assistant is back in the riding doing work, albeit on his behalf, and how that will be perceived to be the spending of funds in a neutral fashion, which is for the work of the Legislature, because that is the Speaker's role.

Once an executive assistant starts to do work in a partisan fashion back in the riding from the funds appropriated to the Speaker, I think he leaves himself vulnerable to a suspicion which the Speaker must be above, and that concerns the total neutrality in terms of how those funds are used. If the funds are used to help the Speaker retain his seat, as mine would be if I were sending my executive assistant back to my riding to do work in my riding association, that would be perceived to be not proper, but I am not in the position where I have to appear to be neutral.

I think the Speaker leaves himself vulnerable

to that sort of suspicion if he delegates jobs in the riding to his executive assistant because I do not perceive that fund to be for that sort of purpose. It would be different if the assistance were totally here, committed to the building and the amount of time I know the Speaker has to put in—when others of us can skip off for a day the Speaker is here. I recognize the extra burden on the Speaker, but I just think, Mr. Speaker, it does not have the right appearance if you are sending him back to work in your riding. I really feel that strongly.

Mr. Speaker: I think that maybe you misunderstand what I have said primarily. His work will be here. Let me give you an example. I think I made it very clear that if there is any activity within the constituency it would be done on a nonpartisan basis.

Mr. Martel: It is the perception; it will not be perceived in that light. If you send him back to your riding it will be perceived to be working on behalf of the Speaker in his riding.

Mr. Speaker: No.

Mr. Martel: It has to be.

Mr. Speaker: Let me, first of all, make it very clear that within my riding—and I think this has been established by various members of the Legislature—I am the member for Peterborough and I have certain responsibilities to the people within my riding. It is a very active riding, as I said before, and by virtue of the fact it is as close as it is to Toronto, I think the people there expect the member to be available on a very regular basis. The hour-and-a-half or two-hour drive is not seen as any great impediment.
12:40 p.m.

I can tell you, having regard for the economic climate in the riding, there are meetings of an ongoing nature among city officials, county officials and people who have various ministries, which I am expected to take part in. In fact, I have been very closely associated with some of those committees.

I guess opportunity has not arisen for this, but if at any time I was unavailable for an appearance before any of those committees or to take part in those meetings, I would see that a representative should be there if I could not appear. I see that very clearly as a nonpartisan activity. It is not political in any sense. That is the sort of thing that, when I talk about constituency work or work in the constituency, I would envision as being part of the job description. It is certainly not in any partisan way to take part in whatever activities I may take part in, other than that.

Mr. Martel: I understand what you are telling me. I do not think you understand what I am trying to convey to you.

Mr. Speaker: Yes, I do because this was part of the conflict I had, to be quite honest with you, in coming to a decision. I wrestled with it for many weeks. I talked to various people. Ms. Bryden asked me if I had consulted with other Speakers. No, I have not in a formal sort of way, but I have had the benefit of talking to various other people.

Mr. Martel: I do not know how you divorce one from the other totally. You obviously feel you can. I am not sure that that is the perception that will be here, Mr. Speaker. I am being very careful about my wording because I do not want to be inflammatory in any way about it. It is not in my nature to be that way, but it is a very delicate subject because I see the role of the Speaker as of paramount importance in the way a Legislature operates, and it must operate with that role being totally nonpartisan.

I suppose it is the toughest role around here, including cabinet ministers or anyone you want to involve. The office of the Speaker, I think, is probably the most difficult job here. What is necessary, of course, is that everyone in this Legislature respect the Speaker, and part of that respect comes because of the neutrality that is so paramount. My friend, the former Speaker here, threw me out twice.

I am not trying to make a comparison at all because you cannot compare various Speakers. I do not think it is fair to anyone. Everyone operates in his own bailiwick. But if that perception of neutrality is not always in the forefront, the Speaker will have difficulty gaining the respect of everyone in the House, and he needs that in order to function and carry off what I see as the most onerous task around here.

You might be able to divorce it in your own mind, Mr. Speaker, as being totally separate and nonpartisan and what not. But I tell you that that will not be the way all members of the Legislature will see it. I think in the long run it will create some difficulty for you.

If the government wants to pay an executive assistant out of government funds, that is one thing. But to use your own funds to send somebody back to your riding, I think is asking for trouble.

Mr. Speaker: Yes, but let us not misunderstand or misinterpret what I said.

Mr. Martel: I understand perfectly.

Mr. Speaker: I think, in all fairness, that having made the decision I can in fact, and will, be able to make that distinction, fine as it may be.

Mr. Chairman: Mr. Gregory, you have about 30 seconds.

Hon. Mr. Gregory: I am viewing this from a little different aspect than Mr. Martel is and I see that the hiring of an executive assistant would lessen Mr. Speaker's dependency on his political association at home. I see this as making him more neutral than he would be otherwise.

Certainly I also have a great admiration for Speakers and some of the decisions they have to make, some of the judgement calls. I know my friend John is not a lawyer, nor am I, and I would have a great deal of difficulty. I respect his decision to have someone whose advice he can ask and count on in the House for decisions such as this. Some of the many things you have to do he can assist you with. I see no problem in his executive assistant doing some work at home. I view my constituency duties as being nonpolitical except in times of election. I have even helped some New Democrats at home and I do not expect I will ever get any votes from them, although you never know.

But I see this as a very positive move and I would feel much better about this situation where the government is paying for his executive assistant rather than his riding association, as was suggested earlier. Then it would be political.

Mr. Speaker: There would be a very clear question of partisanship if the riding association were involved, but they are not in any way, shape or form.

Mr. Chairman: Members of the committee, the time has now expired and I would ask if the estimates of the Office of the Assembly carry.

Mr. Mancini: May I have a point of order before we carry all these estimates? I am not sure who gets together to decide how many hours we have to discuss these different votes. Is it the House leaders?

Clerk of the Committee: It is the House leaders.

Mr. Mancini: I want to bring to the attention of the only House leader who is here at this time that this is two years running now that we have been unable to complete the estimates completely. We have not been able to do Hansard.

We have not been able to do the library. We have not been able to talk about the constituency offices.

Mr. Martel: Why don't you ask for more time then?

Mr. Mancini: These things are important and we come here asking questions and seeking answers. That is why we are here. I just want to make the point that I hope in the future that we have more time to discuss these estimates.

Mr. Martel: Mr. Chairman, I would suggest that Mr. Mancini should take it to his House leader. If they want more time, he should ask his House leader to obtain more time. There is no effort on anyone's part to reduce the time. There has never been much demand.

Mr. Mancini: No one brings up the subject and everybody assumes everyone is happy. So that is why I brought that up.

Ms. Bryden: Mr. Chairman, I think members should also plan how much time you are going to allocate for each vote, perhaps by an all-party agreement.

Mr. Chairman: Yes. We were a little bit heavy in the first couple there.

Mr. Mancini: I do not know how we are expected adequately to question all the people who were here today in three and a half hours, no matter how you allocate the time.

Vote 1001 agreed to.

Mr. Chairman: This completes the estimates of the Office of the Assembly.

We do want to get back early after lunch, if you could be back here at half past one, or 1:40 at the latest.

The committee recessed at 12:49 p.m.

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From the Office Of The Assembly:

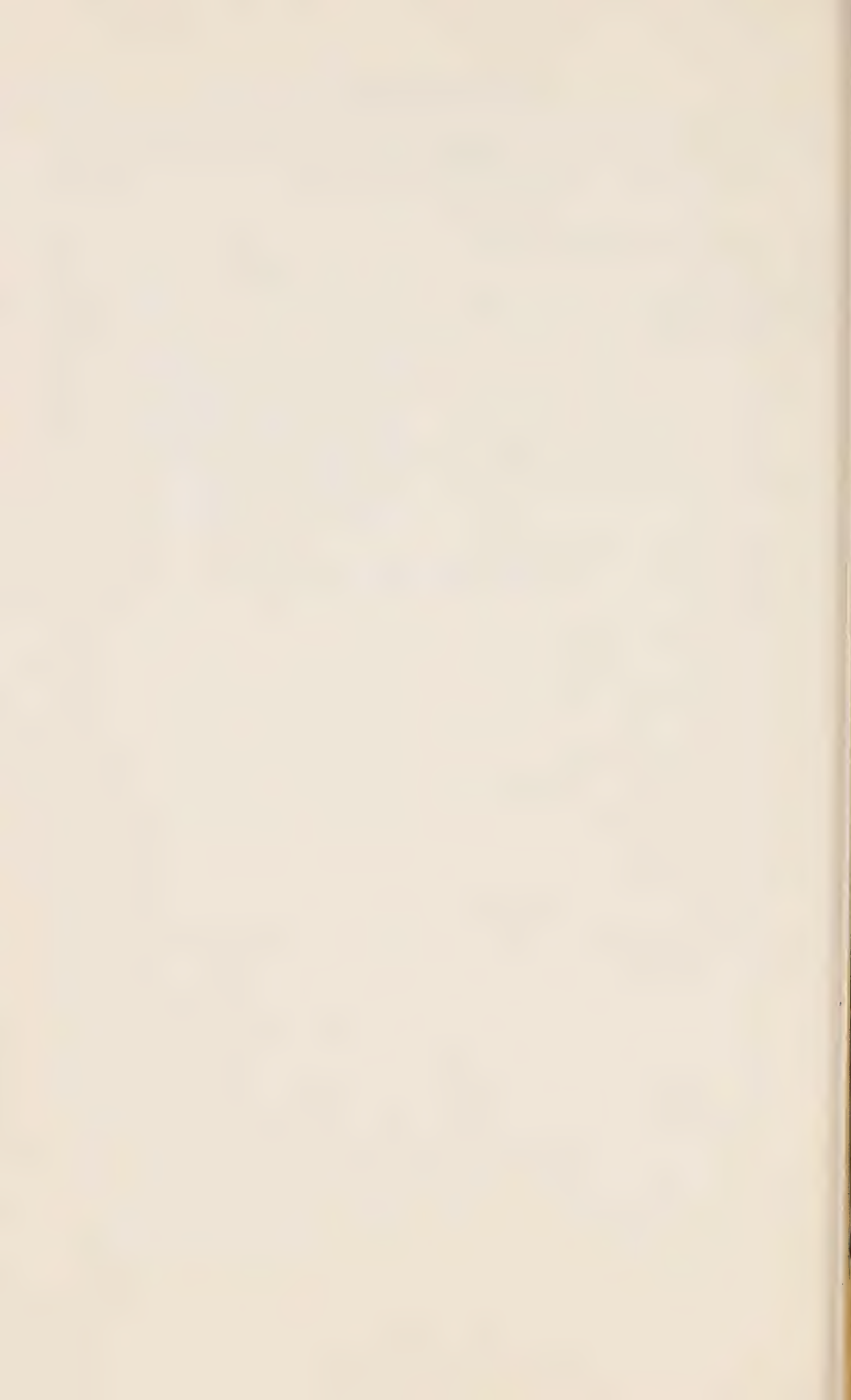
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Joynt, D. A., Executive Director
 Wishart, A. A., Chairman





Ontario

No. G-2

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government
Estimates, Office of the Ombudsman



First Session, Thirty-Second Parliament
Wednesday, October 14, 1981
Afternoon Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, October 14, 1981

The committee resumed at 1:46 p.m. in committee room No. 1.

ESTIMATES, OFFICE OF THE OMBUDSMAN

Mr. Chairman: Members of the committee, I will pull the meeting together here. We almost have a quorum.

Interjection: We see a quorum.

Mr. Chairman: We see a quorum. Fine. There is no challenge to that.

Mr. Morand, welcome to our committee. I wonder if you have any opening remarks you would like to make.

Hon. Mr. Morand: Not a great deal this year. Last year I spoke about a number of things that we were going into. This has been a quieter year. We have not opened any new offices. We have moved, which I talked about last year, and they did a magnificent job in fixing up our quarters. We are very pleased with them. We are very pleased with the savings in rent as well by being up there.

Generally this year we are down one and a half per cent or \$57,000 from the amount of money we had in 1980-81. We are going to live within our budget, although this year it looks as though we will eat up just about all of the money we had. Last year we were able to turn back about over \$100,000, as a matter of fact. But this year it looks as if we are running a little closer to budget. I believe we will certainly end up in the black but not with any substantial sum of money. We will, of course, have to go back for extra money to cover the cost of living, but that in our office amounts to over \$350,000 because we are known as a labour-intensive office. Most of our money goes out for wages. When you average out an about 11 per cent wage increase plus about 18 per cent—between 12 and 18 per cent; it varies—on employee benefits, we will run about \$350,000, which was not budgeted for.

Other than that, it seems to be pretty much within everything we had planned. We do not seem to be varying very greatly from our estimates, with the exception of COLA, which you are not supposed to budget for and which we did not budget for.

We are now using our new equipment. We talked about this last year when I was here. We have Wang word processing equipment. It is costing us the same amount of money as the previous equipment as we are renting fewer pieces of equipment because it does a better job. While we have updated our facilities and our use of automation on automated equipment, our actual cost is no greater this year than it was last year.

I do not believe there is anything else to say in the opening statement, but I will be pleased to answer whatever questions I can that the committee might be interested in.

Mr. Chairman: Thank you, Mr. Morand. Mr. Boudria, do you have any questions?

Mr. Boudria: Mr. Chairman, I was not delegated to say anything after Mr. Morand's opening statement. As a matter of fact, you know that I have only recently come to this Legislature and this summer I had the pleasure of serving on the select committee on the Ombudsman.

1:50 p.m.

We also visited the facilities of the Ombudsman and I believe all of those who went there were certainly impressed by the deal the Ombudsman struck when he went to those facilities. Perhaps we could send you, Mr. Morand, to tell other public servants how to go about renting facilities and hope that they come up with similar kinds of deals. We think your location is very impressive and you are getting very good value for your money. There is enough room there, at least, so we were told, for future expansion, and that is very good.

When going through your report this summer, we noticed that your case load, as it pertained to the Workmen's Compensation Board, had been lightened suddenly by quite a few number of cases. Perhaps we can get into that later and see where that will be going.

We hope the word processing equipment you now have there will be of great benefit to the people requesting the services of the Ombudsman and reduce some of the time delays that had been occurring in recent years, although

they are not as pronounced now as they were at that time. We hope those innovations will be valuable to the people of Ontario so that you can serve them in the very good way that you have been doing.

That is about all I have to say for the moment, Mr. Chairman. I have no questions immediately, but will have some as we go on.

Mr. Cooke: I was given the responsibility for our party to handle these estimates. I do not have a lot of comments because one of the things I would like to see happen would be that the select committee handle the estimates at some point. It seems rather silly that just a few weeks ago we went into a great deal of detail about the status of the Ombudsman, your case load and all the rest of it, and now we are back here looking at your estimates. I did prepare just a very few comments and, because I prepared them, I would like to go through them.

First of all, I want to express my support for the Ombudsman and certainly the support of my caucus for the concept of the Ombudsman. While there seem to be some members of the Legislature who may not be in total agreement with the idea—very few, but none the less some I talked to—you have, by and large, the support of the Legislature. However, I do have some concerns after going through the hearings of the select committee and I want to express them.

One of them deals with the time it is taking your office to deal with the large number of cases you have. I did a little checking with my constituency office. I had my constituency assistant log the number of cases that have come into my office since the Ombudsman hearings and I have found that the average number of cases coming into my office per day is 10. This works out at between 2,500 and 3,000 cases per year. All I can say is that if it took my office 200 days, and it is up to 400 days, to deal with those cases, I would not be sitting in these estimates today after the March 19 election. I just would not be here. So there has to be some way of dealing with those cases more quickly.

I only have one constituency assistant, as do all members of the Legislature, with the exception of cabinet ministers, who have a larger staff but have only one constituency assistant to do case work. There must be a reason it is taking so long. My impression is that one of the reasons is that the Ombudsman's office takes a legalistic point of view which we do not in the constituency offices. We look at what is fair in our attempts to cut through the bureaucracy. I imagine that all members have the same degree

of success I have. A large number of the cases which come into the office are settled to the satisfaction of the constituent.

I would like to impress on the Ombudsman that there should be some way of dealing with these cases from a different point of view. Instead of emphasizing the legal aspects, look at a great deal of these cases from a view of what is fair and what should have been done, and perhaps even look at what is the real role of the Ombudsman.

Maybe I am completely wrong, but it seems to me that if there is a problem with the law which is in the way of settling a particular case, then it is up to the Ombudsman to make recommendations as to how that law should be changed. I am not talking about altering government policy because that is not your role, but in some cases it is simply a matter of changing the law to make the law fair and make the law work better.

I have referred a couple of the cases to your office. One of them I raised during the select committee, and that was the overpayment to students through the Ontario student awards program. It seemed to me in the report I got, and I have read through it a couple of times now, your office took a very legalistic point of view. It seemed to disregard several facts, namely, that there was a programming error; that the government admitted there was an error made in the programming; that it took nearly a year and a half for the ministry to get to the students to identify there had been overpayments, even though it knew there was a problem a year and a half before the students were notified. None of those facts seemed to account for anything.

Further, on that particular case, your office had made recommendations on workmen's compensation benefits and overpayments and you treated those injured workers in quite a different way to how you treated the students who had been overpaid. It seems to me that you were right in your expression that the government had acted correctly legally, but you could have also indicated you felt there was an administrative error and that the government was wrong in the way it handled the situation, and made recommendations so it would not happen again and that there should be quicker notification to students who have that kind of problem.

In some of the cases you deal with, since it takes so long by the time the decision is actually made, the decision can be in many instances irrelevant to the client or to the constituent who has contacted you.

Also, I am concerned about the limited travel your office has participated in during the last year. We discussed that while we were over at your office during the select committee hearings. Perhaps I am taking you out of context—if I am, I hope you will correct me—but you indicated that there was a large case load and you were not in a position in the last year to go around travelling and picking up new cases. Your main goal was to get the cases that were on the books cleared up and out of the way.

As a member who comes from outside Toronto and as a member who does not have one of the regional offices in my region, it is a concern to me that accessibility of the Ombudsman's office has not been maintained when this travel is not done on a regular basis. Further, by limiting your travel, you have limited the profile of the Ombudsman within the province, which also has a detrimental effect to the whole process, in my opinion.

There are a few things I would like to see changed with respect to the select committee. One of the recommendations that will appear in the annual report is that you, yourself, appear before the select committee more than you do now. In other words, rather than having one of your staff present the cases, you should present the cases on behalf of your office and you should argue those cases to the select committee. We should also have on the record a discussion of the philosophy of the Ombudsman's office and, in particular, the philosophy of yourself as the Ombudsman of this province. I hope when we have the spring hearings that we will have the opportunity to do that, to schedule more time so that we can better understand how you come to your decisions on the cases.

Rather than just discussing cases that you have not been able to resolve, it would be very helpful to members of the select committee also to discuss cases where you have decided to favour the government so that we understand how and why you have come to those conclusions. That is not to try to change your opinion because you are the Ombudsman in the law—the act is clear that you have that authority—but simply to give the select committee members a better understanding of the direction we are going with the Ombudsman's office.

I get the impression that we have gone in the direction of a more narrow view of what the Ombudsman is all about. Maybe I am wrong, but that was my initial impression during the select committee hearings. In summary, there is no question at all of my commitment to the

concept of an Ombudsman. I am not convinced that it is working in the way I envisioned it would work. I hope there will be a mechanism built into the relationship you have with the select committee that will either change my views or change the way the Ombudsman is operating.

2 p.m.

On vote 1201, Office of the Ombudsman program:

Mr. Runciman: Mr. Chairman, to refresh my memory, could the Ombudsman indicate what case load they are faced with in terms of an average for the last couple of years?

Hon. Mr. Morand: About 4,500 complaints and 4,500 inquiries in a year. Between 10,000 and 11,000 people really see us in the course of a year.

Mr. Runciman: We are talking about a total of 9,000. How many of those turn out to be valid in terms of percentage?

Hon. Mr. Morand: I shall just use my arithmetic. It would be about 14 to 15 per cent.

Mr. Runciman: How many lawyers do you have on staff, including yourself?

Hon. Mr. Morand: Including myself, it would be six lawyers. In the legal department itself there are five lawyers doing legal work. We have other people doing other work who are lawyers, but who are not doing the legal work.

Mr. Runciman: I am talking about total lawyers in the organization.

Hon. Mr. Morand: About 10, I think.

Mr. Runciman: What is your total complement?

Hon. Mr. Morand: It is 122.

Mr. Runciman: I found Mr. Cooke's comments about the legalistic point of view quite interesting because I was talking to a lady in England a week ago who works with the Ombudsman's office in England. I found talking with this girl quite interesting. I asked her how many lawyers they had on staff and found out they do not have one lawyer. The Ombudsman himself is a lawyer, but that is the only one. If they require the services of counsel, they will bring them in on a retainer basis.

I am just wondering why you feel it is necessary to have as many legal minds on staff as you have. I am assuming that most of these people are performing what we might call management functions. This ties into what Mr. Cooke was referring to, about the backlog and

trying to get to the bottom of it. I am just wondering how we break down in terms of costs your total salary and wage allocation. How much of that is directed towards the management side of your operation? Do you have a figure on that? If you do not have one, I think we would appreciate at some point receiving it.

When you talk about 14 per cent of your 9,000 cases, in terms of 4,500 complaints and 4,500 inquiries, being valid, is that valid in that you carry on through the investigative procedure and process? I was wondering, at the initial point of inquiry or complaint, if there is something we could not do in terms of eliminating the high-priced help and perhaps using a number of individuals to carry out a screening process so that a lot of time is not spent by what we might call your more qualified personnel, when the bulk of complaints are obviously not valid or do not fall within your jurisdiction. Do you have any comments on that?

Hon. Mr. Morand: In the the reception area, when they first come in they are dealt with by people on our research staff who are in the second-lowest paid category in our office. The only person paid lower than that is the receptionist. They are not received at that area by the high-priced staff.

Before that area, if they come in through hearings, they are already broken down into two categories. That is listed for administrative purposes under our legal area, but the people doing it are not lawyers. They handle in that area roughly 200 files a week and they sort them out as to whether they are either jurisdictional or not jurisdictional.

When I say the word "files," I should qualify myself because there are 200 issues a week and sometimes they do not end up as files. They end up as a no-follow-up, quite a few of them. They deal with them there and they segregate them first into whether they are jurisdictional or nonjurisdictional. Then they are later segregated, if they are jurisdictional, as to where they go, that is, which ministry they belong to and which director in our directorate would handle them.

They only get to so-called, high-priced help if there is a real difficulty in determining whether or not they are jurisdictional or which area they belong to. That could go from the young lady who is in charge of that department to the assistant legal director, who would make the decision on the difficult ones.

Mr. Runciman: What you are saying really is that you do not see any room for improvement in this area.

Hon. Mr. Morand: Not in this area, no. I do not think there is any cheaper way of doing it than the way we are doing it right now.

Mr. Runciman: What about the lawyers on staff?

Hon. Mr. Morand: You would be amazed at the number of decisions we have to make that we have to get legal opinions on. It is a problem, I admit. We look at it all the time because we don't like to be too legalistic.

On the other hand, we are dealing with ministries that have lawyers at their behest and we have to pay attention to the legalistic aspects because they are challenging our jurisdiction and so forth on these matters. If we lay ourselves open, they are there to tell us we can't do these sorts of things. So we have to follow our act, and our act requires of us that we must do certain things. While I have been as frustrated with the legalese at times as anybody else, we must follow our act and do it the way our act says we must do it.

I think you are probably referring to Spike Clothier from England. He may be without a lawyer on staff. On the other hand, in France they have 47 lawyers on staff. Every one of their investigators, with the exception of two, is a lawyer.

Mr. Kells: With the socialist government over there, they will probably hire 10 more.

Hon. Mr. Morand: It varies from area to area. Spike Clothier is just now into the legislative field. He was doing the health services until he got recently into the legislative Ombudsman function. I am not as familiar with his operation in the legislative function as I was with his duties in the health field. He may be able to get away with it.

I like to think we do not take a legalistic view in our office, but obviously from the comments both of yourself and Mr. Cooke perhaps we do not get that feeling across. We have made recommendations which go directly against the legal position that the law says should be the situation and have said, regardless of that, that does not matter if the person was not treated fairly. On many occasions we have been able to get things for people even though legally they were not entitled to anything. This is a very wild guess, but probably 95 per cent of the people who come to us do not have a legal recourse. They would not win a lawsuit.

Mr. Runciman: Is there anyone in your top five or six in the management structure who is not a lawyer?

Hon. Mr. Morand: Yes, there is Mr. Mills, who is sitting behind me over here. He is not a lawyer.

Mr. Runciman: Is he involved with the cases or is he an administrator?

2:10 p.m.

Hon. Mr. Morand: He is involved with administration. Ellen Adams is not a lawyer. Nicki Catton is not a lawyer. She is doing WCB matters. Bob Macerollo is not a lawyer.

Mr. Brandt: Mr. Chairman, I am concerned about one of the issues that was raised earlier by my colleague opposite in connection with the profile of the officer in some of the outlying regions of the province. I can recall when I served in the capacity of mayor of Sarnia that your office made contact with mine to arrange for the use of the facilities at city hall, which we were quite pleased to put at your disposal. Your staff came in for a day, but we did not see you again for a few years after that, it seemed.

I really do not think that is adequate in an area that has a population draw of about 125,000 people. This may have been addressed by the select committee, but I wonder if you perhaps had given some consideration to a more regular kind of visitation to these areas and, perhaps also, to more ambitious advertising. I am thinking of a relatively inexpensive advertising program whereby people could either write or contact you. I do not believe that after all these years there is a working knowledge of what the Ombudsman's office does in various regions of Ontario. I think that could be improved. I do not say that by way of destructive criticism but rather by way of constructive comment. Perhaps you would like to respond.

Hon. Mr. Morand: Yes. I have not had a chance to reply to Mr. Cooke's comments and I would like to get back to Mr. Cooke a little later. Dealing with your particular point, there could be, and I think there is, a bit of a misapprehension of what we did in the last year. We still kept up our visits around the province. What we did do is we changed the area in which we went, and we did not go to as many of the areas of high concentration. I had a backlog.

We had covered in the preceding years the heavy population areas, and I decided that for last year this was a chance to visit the areas we would not normally visit, that is, the lower population areas, going into the smaller areas. And that is what we did in the last year. We still went out on hearings. We did, however, cover areas we would not have got to in the previous

years. We have started back into our regular hearings this year. We had hearings last week in the Kitchener-Cambridge area. This week we are in Parry Sound and in that area up there. We will be continuing these visits all around the province. As to advertising—

Mr. Cooke: Before you get off that, I heard you say, if I remember correctly from the select committee hearings, that there was not as much travel in the last year as there has been in past years.

Hon. Mr. Morand: There were not as many people travelling. I think, and I stand to be corrected on this, if you added up the number of communities we visited we probably visited the same number of communities. We did not send as many people around because we were visiting smaller areas. Not as much work came out of those areas for our office to do because we were visiting the smaller areas where we got fewer complaints. I stand to be corrected because I have not added them up, but I think the total number of communities is probably about the same.

This year we are getting back, as I say, to the total number of areas and we will be going back into the bigger areas. What we do also for advertising in that area is we send letters to every clergyman in the area advising him that we are going to attend. We notify the media in that area that we are going to attend. We try to arrange when we are in that area that some of our people will be on radio shows or something of that nature in that area so that they will know that we are going to be there. Actual dollars spent on advertising is not large.

News media expenditure is \$29,600 and the other is for telephone and so on. In actual dollars we do not spend an awful lot of money in straight advertising.

Mr. Brandt: That \$29,000 would be pretty well all to do with your work outside of Toronto?

Hon. Mr. Morand: Yes, visiting outside of the province. We put a small announcement in the local papers that we will be present at such and such a time and where we will be at. I am sorry I cannot tell you today just when we will be in Sarnia, but I know we will be back around to all of the larger areas in the province within the next year.

Mr. Cooke: I am not sure what your philosophy is on the profile of the Ombudsman, but I find that in a week when I get a fair amount of press in the local community my constituency

assistant tends to get on the phone to me in Toronto and say she is overwhelmed with case work. The higher my profile, the higher volume of cases we get in the constituency office. It is not that they are not valid cases, they are valid cases.

Hon. Mr. Morand: All I can tell you is that our work seems to be holding up in volume. I have not noticed much difference. When I first came on the job there was a lot of publicity and so forth. Indeed, the low profile that I am supposed to be playing I find is not as low a profile as it might look. If you look at the number of actual media inches of coverage, our office is not too much lower than it was before.

Mr. Nixon: Who looks at that?

Hon. Mr. Morand: Some people do look at it.

Mr. Nixon: It is not one of your lawyer employees, I trust.

Hon. Mr. Morand: We have not totalled it up, but I am told that it is not all that far out.

Mr. Cooke: It is interesting that your office gets around 9,000 to 11,000 inquiries and cases. I do not think my office is all that much unlike others in that we are getting around 3,000 a year in one constituency out of 125.

Mr. Nixon: If you were doing your job you would not have any.

Mr. Cooke: There are very few from the riding of Windsor-Riverside or any of the other ridings as we take care of all the cases in Windsor.

Hon. Mr. Morand: I was going to point out one thing in that regard, which is we get a fair amount of our work from cases referred to us by members.

Mr. Nixon: You can always do something—refer him to the Ombudsman.

Mr. Cooke: That is only when they have gone to the end of the line and there is nothing else we can do for them.

Hon. Mr. Morand: That is what I was going to say. Maybe you are getting the easy ones and we are getting the tough ones. By the time they get around to us they are not things that can be done simply with a phone call, although some of them are. Some we do solve simply with a phone call.

As to the number of days that it takes to do a case, when people keep asking, "What is your average day" and so forth, I say there is no such thing as an average case in the length of time because the cases come with so many different factors, so many different types. What is average in one field is not average in another. We

have had files sitting in our office for three years where we are waiting for a change to be made in the legislation or in the regulations because we have recommended it and they have said, "Yes, we are going to do it," but they do not do it. The file is sitting there and it is piling up days because that file is open until they do it. We do not close a file until that is accepted.

We have files where it has been agreed between our office and the Workmen's Compensation Board that this person will go to a doctor. The doctor will examine the person and give us a report, but it is four to six months before we can get him in to see a doctor and get a report back from the doctor. All of these things add to the time that is accumulating.

Now I am not satisfied that we are doing cases as quickly as we possibly can, and I am concerned also about the legalistic approach. On the other hand, dealing with philosophy, and I think it is an important question, my philosophy is very simply that what we are looking at is whether the person was properly treated and whether, under the terms of our act as set out, we can find that this person was not treated properly so that we can say they were treated unjustly, improperly, in a discriminatory way and so forth. If we can, it does not matter whether they were treated legally or not. Legal treatment in itself is not the answer.

2:20 p.m.

It may be the answer in some cases where a ministry has no alternative but to follow the law and to attempt to recover moneys that were overpaid or something. We cannot say then they were treated unfairly by that ministry if, under the law, they are required to do what they are doing.

Mr. Cooke: But you can say that the ministry was lax in the way it reported to the students that they had been overpaid. You can say that the law should be changed to give more flexibility to the ministry to decide whether or not an individual has to repay. You can make all those kinds of recommendations.

Hon. Mr. Morand: We can and in some cases we have done similar types of things. I can think of cases involving summer students and summer hiring where there was a change made in pay to the summer students and there were a series of complaints that when they got there they found they were going to be paid less money. Some of those people we supported and some we did not. The reason we supported some was that the

ministry had clearly led them down the garden path and in other cases they clearly had not led them down the garden path.

Mr. Cooke: There was a case that came into my office. It dealt with OHIP and the neo-natal centre in Detroit that we use quite often on emergency cases. You were able to get a family an extra \$300 and, even better, you were able to negotiate with the doctors in Detroit so that they will now accept the OHIP fee schedule. So the lengthy period of time that took was well worth it. I am not saying that—

Hon. Mr. Morand: That we do not do something.

Mr. Cooke: I am not saying you never do that. I am just wondering how often you do that.

Hon. Mr. Morand: Fairly often, I think. We have now developed a very good rapport, I think, with OHIP.

Mr. Cooke: Have you read the transcripts from the select committee when we had OHIP in here?

Hon. Mr. Morand: No, I have not. Do they not think we have a good rapport with them?

Mr. Cooke: No. I got the impression from the Ombudsman's office that they were rather upset with OHIP.

Hon. Mr. Morand: Maybe they get upset, but when I talk about a rapport I mean they do not hang the phone up in your ear.

Mr. Cooke: They might not listen, though.

Hon. Mr. Morand: We get the impression that they are listening to us.

Mr. Cooke: There is that one recommendation to do with appeals that has been hanging on for four years now.

Hon. Mr. Morand: Yes. We have not been getting very far with that one. However, we are not giving up on it either.

Mr. Cooke: I guess they are picking up the phone on that one but they are not listening.

Mr. Brandt: Mr. Chairman, if I might, I have a few other questions that I wanted to raise. Mr. Morand, I wonder if perhaps you could give some general outline of the types of cases that your office has determined are beyond your area of responsibility or where for some reason or other you are not prepared to handle them.

Hon. Mr. Morand: I cannot think of any that are within our jurisdiction that we are not prepared to handle. If they are within our jurisdiction we are prepared to handle them.

Mr. Brandt: Could you define perhaps that jurisdiction because I have had cases where some of my constituents have made contact with the Ombudsman's office and have been advised that this is an area in which the Ombudsman's office will not become involved. I wonder if you could define the parameters.

Hon. Mr. Morand: It must be an administrative decision. It must be a decision by a ministry, a board or agency of the provincial government. It must affect the person personally who is making the complaint or the group of people who are making the complaint must be personally affected. It must not be a matter that was dealt with by the courts, that is, we have no jurisdiction over the courts themselves; nor if it is a decision of the cabinet do we have any jurisdiction over it as it is specifically excluded. From there on it is fine-tuning. That is the broad outline.

Whether it is a board or agency of the province depends on a number of factors, and there have been several cases that have gone to court to deal with this. The most notable one from our point of view is the Health Disciplines Board. In that particular case they said we had jurisdiction. Mr. Justice Morden broadly said that if the three items he mentioned in that judgement were there in that particular board, then we would have jurisdiction.

These were that it was provincial legislation that was being dealt with, it was a provincially assumed job and it was a provincially appointed board. To give you an example of how tight the thing can be, some of the marketing boards are not provincially appointed so we would not have jurisdiction over the marketing board where the people were not appointed by the province.

To give you a broad outline that would cover every particular case is impossible. We have to look at the particular case, see if it fits into our jurisdiction and then decide whether we have jurisdiction. Over the years we have considered many such organizations and made decisions as to whether we have jurisdiction or we do not have jurisdiction and it has taken up some considerable time of our legal department to go into many of these things to see if they fit into that category of cases over which we have jurisdiction. We do not, of course, have jurisdiction over anything that is under the federal government nor if it is under a municipal government. I do not know whether I can go into any greater detail than that.

Mr. Brandt: What government files would you not have access to in pursuing a particular case? I know you have access to most.

Hon. Mr. Morand: The Attorney General can deny us access to files, but it has not happened yet. We have had some differences of opinion as to whether we would have access.

Mr. Brandt: Have there been cases where you have been denied access? You indicated that perhaps in some jurisdictional matters you have a lawyer-lawyer confrontation. I am not suggesting that lawyers engage in make-work programs at all, Mr. Nixon, with due deference to you, but the fact of the matter is that if we have elevated the responsibility, the position, to a level where only a lawyer could deal with a lawyer in some instances, perhaps it is a self-defeating exercise.

Hon. Mr. Morand: No, but we have run into this not too long ago where a lawyer said, "No, you are not entitled to those documents," and we said, "Yes, we are entitled to those documents," and it ended up we got the documents. As I say, we have never yet had a case where the Attorney General took the position that he was denying us access, which he stuck to. In the Attorney General's office at lower levels they have said, "No, you are not entitled to them," but we have always got them.

Mr. Cooke: What are your feelings on expanding the jurisdiction?

Hon. Mr. Morand: I have changed my view on that. I was not too fussy about expanding a few years back. Yes, I think the office can take on more work. I have made it quite clear publicly that I think our office would be the ideal office to put freedom of information and privacy into. I am a convert to a 100 per cent Ombudsman feeling. I always was in favour of the idea of an Ombudsman, but I was inclined to be concerned as to just how broad a jurisdiction it should have. I am now inclined to think it should have a broad jurisdiction and that the jurisdiction should be expanded. I know that can be construed as empire-building, but I think I can be forgiven for saying it because I am not going to be around long enough to build an empire.

It is an honest belief of mine that the Ombudsman's office does do a job and it does the job in more than just the initial cases it does. The mere fact that there is an Ombudsman, believe it or not, has an effect upon people who are dealing with the public in that they know they can be investigated by the Ombudsman's office, that somebody could come in and say, "You are not treating this person fairly."

I am completely satisfied that the fact there is an Ombudsman's office does render the people in the public service more responsive to the public and, for that reason, I think it is worth defending.

Mr. Cooke: The areas over which you do not have jurisdiction that have frustrated me on occasion have been agencies like the children's aid societies and colleges and universities. I am not sure that the provincial Ombudsman in himself could take on this responsibility, but if municipalities wanted to opt in on a fee-for-service basis, that would seem to make sense to me.

2:30 p.m.

Hon. Mr. Morand: It would make sense, but I will tell you one of the problems with it. I have thought about that. Those places that need it most would not opt in; at least that is a view you might take, I would say. I would be inclined to think that might be what would happen. Those who most needed it might elect not to opt in.

Mr. Cooke: In other words, with municipalities it might be just best to have a blanket inclusion.

Hon. Mr. Morand: If you are going to, sure. There is a great argument for local option, I admit, but I am afraid if you put local option in that sort of thing, it will not work, or at least it will not work the way it should work, let me put it that way.

Mr. Brandt: In pursuing the question of the profile of the office, I wonder what your approach is with respect to the kind of exercise you perform in the area outside of Toronto, in some of the far reaches of the province. You indicated that your people go on radio and try to give some general understanding of the types of cases you handle and the complaints and where they should be brought to. But rarely if ever have I seen anything by way of press releases in advance of your arrival or any kind of preparation for the public.

Again, I have to get back to the initial comments I made. I do not believe that there is a good understanding of the function of your office in some areas of Ontario. The profile of it, rather inexpensively, I might add, could be improved through the use of press releases, particularly in advance of your arrival at a particular area.

Hon. Mr. Morand: We do send out a press

release to all of the media in the area we are going to visit before we get there. That goes out there always.

Mr. Brandt: Are these regular press releases through the year?

Hon. Mr. Morand: Yes, every time.

Mr. Brandt: I may have missed them, but I do not get them that frequently.

Hon. Mr. Morand: If we are going to go to your area, we will send copies of a press release stating we are going to be in that area, where we are going to be and the times we are going to be there. That will go to all of the media in that area. In addition to that, we have a movie which we send around and which is shown. We have 10 copies which are being circulated through the province all the time. The movie goes to schools and universities and it is on TV. It is 23 minutes long, to fit in to give them lots of time for commercials in between. In addition to that, we have a pamphlet which we send out. We have not flooded the province this year with it, but last year we put out a quarter of a million of those pamphlets.

There is some effort made to get the message across. I think it gets across myself; otherwise why this vast number of complaints which we get from all around the province?

Mr. Chairman: I certainly can vouch for the advertising prior to coming to Cambridge. I received notification that they were coming in. I received an advance telephone call, a letter and a copy of the advertisement which was going in the paper. The ad was in the local paper two or three times. The publicity was there.

Mr. Brandt: I think it is important, Mr. Chairman, that this be done not only immediately prior to a visit, but I am talking about the other 11 months, the near year-round basis where people frankly do not know how to get hold of the Ombudsman's office. I am wondering if either through some increase in the advertising budget or through some other form of press release on a regular basis this message could not get across in a somewhat more—it is always difficult to get information out and I can appreciate that. It is a big job.

Mr. Cooke: It would be nice to see one little ad without a minister in it. We would have Donald Morand's name instead of the Minister of So-and-So.

Hon. Mr. Morand: We have talked about what you have said. We do have people in the office making speeches. I make on average

about two speeches a week around different places. I must admit I do not send out copies of my speeches to all of the media, though I get them from some other people. Every time they make a speech, I seem to get one in the mail. I do not send them out but I do go around. My staff makes speeches. I must admit we do not have a big advertising budget; that is all.

Mr. Brandt: With \$4.5 million worth of expenditures, \$29,000 to tell people what you are doing through a direct advertising budget, in my view, is relatively on the small side. I am not for increasing expenditures as we are in a period of restraint, but if the office is going to be effective out there in doing the kind of job the members would like to see you do, there has to be a better working knowledge of the operations of the office.

I wanted to ask another question in connection with the case load, not so much the numbers, but the percentage breakouts you gave us relative to what you termed, I believe, if I am using the correct words, "valid cases." Your response to that question was about 14 per cent.

Hon. Mr. Morand: Yes.

Mr. Brandt: With respect to the 86 per cent, which seems to me a very large number of cases that would be brought to your attention—and we are talking about many thousands of cases—why would those cases be invalid? Would they primarily fall into the categories you identified earlier, or what would happen in those instances?

Hon. Mr. Morand: Last year we fully investigated 3,660-odd cases. Of those, we supported roughly about 15 to 17 per cent. In the others we said, "No, you did get fairly treated." We have to call them the way we see them. We cannot say people were unfairly treated when, in our view, they were fairly treated. I have made a speech about that, of which I am very proud, even though it is very legalistic, dealing with the standard that the Ombudsman's office must establish and must maintain.

I go all the way back to the Greeks and their treatment of what justice was and I bring it right down to the present time. Whether the person was treated fairly and justly depends on the context of the society in which we live. There is no such thing as absolute justice. Absolute justice, as described by the Greeks, was to render every person his due. Today about the only people in the world who still follow that

principle are the Muslims, who believe in an eye for an eye and a tooth for a tooth, called the *lex talionis* in the old days.

Today we consider justice to be justice tempered with mercy. Rendering every person his due is not what we call justice today. Justice today is what you think it is, what your neighbour thinks it is and what the vast body of people think it is. It is a situation where, if you took perhaps 50 people and sat them down and asked, "Is this fair or is this not fair; is it just or unjust?" it is the consensus of that group of people. That is what we try to administer in our office. It is not what I think is fair; it is not what the investigator thinks is fair. It is what would the people of Ontario in this day and age think is fair.

If I try to administer justice through my office and recommend things which the population generally says is not fair, the Office of the Ombudsman would not last very long. While it seems all very simple to say everybody understands what is just and what is fair, it is not. I have tried it out. I have taken some actual cases and anonymized them and said, "What would your recommendation be?" I have run all the way from 50-50 to 90-10 on what they should do. I hesitate to give actual cases, but you would be surprised at the differences of opinion of different people in different parts of the province as to what is fair and what is just. It varies. There are no two ways about it. It varies, I am sure, from member to member in the Legislature.

Mr. Brandt: We have noticed that.

2:40 p.m.

Mr. Sheppard: Mr. Chairman, I would like to ask one question. Within a year, approximately how many times would you be outside the city of Toronto?

Hon. Mr. Morand: Do I personally leave?

Mr. Sheppard: Yes, or your people. You said you were in Sarnia. How often would you go to Sarnia or other places outside Toronto?

Hon. Mr. Morand: We have people from our office travelling all over the province at all times dealing with different segments of the province, dealing with particular cases and so forth. We have a group which travels around, actually in charge of one person with an assistant, but it is filled in with other people who go around to different parts of the province. That is what we call our hearings.

There will be about 20, 25 or 30 of those hearings a year. They might take in two or three

towns in that week's hearings. As I said, last week they went to Kitchener and to Cambridge. This week they are in Parry Sound and—I cannot think of the name of the other town they are in, but it is up in that area. Again, I am sorry I do not have the list with me. I could get the list very quickly.

Mr. Sheppard: No, that is fine.

When a hearing is going to Kitchener which you have advertised, if you are sitting that afternoon could they go in and say, "Could you hear my case?" or do they have to give you so many days' notice?

Hon. Mr. Morand: No, they walk in off the street. That is one of the problems of course. We have tried to work out, from knowledge of areas and so forth, how many people we need to be there, but sometimes we get a call: "Rush somebody else up here. We have a flood of complaints and we do not have enough people to hear all the complaints."

But people come in off the street and we have a staff there and they talk to the people, get their complaints, fill in a complaint form, get all of the information and then that is brought back to our office.

At that stage, there is a preliminary shuffling out. There may be a decision saying, "No, we do not have jurisdiction in your case." Or, there might be a decision, "Yes, we do have jurisdiction in your case," or there might be a case: "Well, we are not sure whether we have jurisdiction. We think we do and we think we do not, one or the other, but you will be notified within a week as to whether we have jurisdiction or not."

Those cases are all brought back to Toronto and those where we have jurisdiction go through the chain and are allocated to the right person. Those where we do not have jurisdiction are closed out. Those that may be within our jurisdiction go through then to the input group, the person who decides whether or not we have jurisdiction. That person is particularly trained. If there is any doubt in that person's mind, that is when it goes to the assistant legal director to decide whether or not we have jurisdiction, and the person is notified.

I will give you an example of some of the things that went into our case load. Take the health disciplines case. We had some 20-odd cases which sat around for a year and a half in our office waiting for a decision of the court to find out whether we had jurisdiction or not. Then when we found out we had jurisdiction we

had to start investigating them. Those are all added in when you take in the number of days it took for a case to go through our office.

Over the years we have had a number of situations like that where there is a fight going on and cases are held up, whether or not we have jurisdiction. We have never sat down and figured out how many days we were held up, how many working days we lost by these cases that were held up, but I know it is a substantial number.

Mr. Sheppard: I guess I am very fortunate. I have been elected seven months and I am not like my colleague over there. I have not yet had one case phoned into my office. Maybe I will keep my fingers crossed, but I am sure that maybe in the next six months or so there will be one or two.

Hon. Mr. Morand: Again, it varies a great deal. Windsor right now, where Mr. Cooke—
Interjection.

Mr. Sheppard: I have not had one Ombudsman call.

Mr. Cooke: The cases that come into my office are not complaints against the Ombudsman.

Mr. Sheppard: I get 20 to 25 ordinary phone calls, but in regard to the Ombudsman I have not had one yet.

Mr. Cooke: No, I have not had a person calling and complaining about the Ombudsman. I have referred a few to him.

Hon. Mr. Morand: I think Mr. Cooke is referring to constituency calls for him to do work for. I am going to say I think Windsor at this particular time might have more work than some other areas of the province might have. Windsor is not in what might be known as a boom area. My home town of Windsor has a sort of a boom-and-bust mentality.

Mr. Cooke: It is all Herb Gray's fault.

Interjection: Make it a motion and I will second it.

Mr. Cooke: Since Mr. Nixon is not here we could probably pass it without debate.

Mr. Sheppard: Mr. Chairman, one other question, and I am sure it was asked when I was out. Do you have a lot of WCB cases?

Hon. Mr. Morand: Yes. Let me put it this way: We were down to about 250 cases; we are now relooking at about—well, it depends on how you tally them—roughly about 135 cases. Perhaps a little bit of explanation might be in order along that line.

I made an interpretation of section 42 of the Workmen's Compensation Board Act, which was at variance with the interpretation which the board had been using for years. I suggested to them that, in computing the allowance that a person is entitled to, they should not only use section 42(1), but they should use the whole act and they should not just use, as they did and are doing, the clinical rating under 42(1) to decide how much his allowance was.

They refused to follow my recommendation. They obtained two other legal opinions and they decided they were not going to follow my recommendation. The select committee last year supported my interpretation. It went to the Legislature and the Legislature said no, they were going to follow the Workmen's Compensation Board's interpretation.

As a result of that and before all this had happened, we went through our office and took out all of those cases that could fit under that situation, and we came to roughly 135 cases. We made the same recommendation on those 135, hoping, of course, that our interpretation given last year would be followed. It was not.

We had done a preliminary survey of those 135 cases and we had siphoned off some 30-odd which had other complaints as well as the complaint I was referring to. The select committee on the Ombudsman, in dealing with it, felt that we should review those 135 cases under 42(1) and under 42(5) separately. We had already made a preliminary survey, but so that there would be no doubt, we were going to go through those cases again to make sure of whether there is any possible complaint.

Under section 42(1), they use only the clinical rating in allocating what that person should get. The only way we have found that we could vary that amount of money under a straight appeal under section 42(1) was if the doctors had made some mistake and the person had lost two thumbs and they said he had lost only one thumb or something of that effect. That is about the only way you can succeed under 42(1) if they use, as they do, solely the clinical rating.

Any of those cases should have surfaced on our first review, but we are going to go through them all again to make sure that there is none. Also, at the hearing before the select committee, the Workmen's Compensation Board said they looked at every one of those cases from the position of 42(1) and 42(5). I know what they meant, but that is not what they meant when they said that. They would look at 42(5) if there was any claim under 42(5), or if there was any

merit to a claim under 42(5). In most of those cases there would be no evidence before the board which would justify a claim under 42(5), which is a temporary-total supplement.

So the board, if there was no evidence to indicate that there would be a temporary-total supplement, would not look at it. They would not look at it from a 42(5) point of view at all unless that was particularly in there. Again, those cases should have surfaced when we went through them, but we are going to go through them again.

In the case of any who complained about the temporary-total supplement under 42(5), we will go through them again to see if they should be sent back for reconsideration under 42(5) only. Again, I anticipate—and again this is only going by statistics—first of all, there would have to be a complaint made on that basis and, secondly, there would have to be some evidence that the board did not look at or did not accept, which we think they should have. I think there will be a very small percentage of those cases in which there would have been any evidence before the board under 42(5) so that we could say they did not deal with it fairly. However, we are going through them again.

Mr. Cooke: Why would there have to have been an original complaint under section 42(5)? I mean your recommendation in the select committee was that those 135 cases be referred to the Workmen's Compensation Board for a review under 42(5). As I understand the recommendation that will be in the report from the select committee that you are referring to, it is not that you look at those 135 cases only if they complained about section 42(5), but you look at them and see if 42(5) could apply to them.

Hon. Mr. Morand: No. What my recommendation was was they apply all of section 42(1) to the rating of the cases, not just the clinical rating which they give under 42(1). They will not follow that. They will only do what they have always been doing. They will look at 42(1) only for the allowance that the workman is to get. They will only look at 42(5) where it is a temporary supplement that they are talking about. So since they will not follow my recommendation, I cannot fault them for not granting a 42(5) where the fellow has never claimed a 42(5). How can I fault them for not giving him what he never claimed?

Mr. Cooke: I know but I thought you wanted us to ask the Workmen's Compensation Board to look at all those cases under 42(5).

Hon. Mr. Morand: I did.

Mr. Cooke: So now we are saying to you to go through all those cases and look at them and see if 42(5) could apply.

Hon. Mr. Morand: No. Again I did not get my point across. I said look at the whole of section 42 when you are allocating the rating under 42(1). When you are giving him an appointment and you are giving him money, look at the whole of section 42. Do not look solely at the clinical rating under 42(1).

There can be cases where a person is entitled to a clinical rating under 42(1), and he can also be entitled to a temporary supplement under 42(5). But in the 42(1) cases I said you should look at each case, not only looking at 42(1) when you assess the amount under 42(1) but at the factors under 42(5) when assessing under 42(1).

Mr. Cooke: Oh, I see.

Hon. Mr. Morand: That is the difference. I have read our select committee's reports and I came to the conclusion, and I have written a letter to Mr. Runciman, that I do not think I got that point across to our select committee.

Mr. Cooke: I do not think you did either.

Hon. Mr. Morand: Now I have a chance to get it across today.

Mr. Cooke: To a few of us anyway.

Vote 1201 agreed to.

Mr. Chairman: If there are no further questions of Mr. Morand, thank you very much, Mr. Morand and gentlemen, for appearing before us.

This completes the estimates of the Office of the Ombudsman.

Mr. Cooke: We should also talk to the House leaders about having these estimates done in the select committee next year.

Mr. Chairman: A very good point. Most of us have been all through this.

Hon. Mr. Morand: It is not proper for me to comment on that.

Mr. Cooke: I am sure you would rather be here only once than twice.

Mr. Chairman: Members of the committee, just so you know over the next couple of weeks what is happening, next week we will be reviewing the provincial auditor and Government Services. The week of October 28 will be private bills and, on November 4, Housing. So that gives you a bit of advance notice of what is happening.

The committee adjourned at 2:55 p.m.

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Ontario

LEGISLATIVE ASSEMBLY

No. G-3

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government

Estimates, Office of the Provincial Auditor



First Session, Thirty-Second Parliament

Wednesday, October 21, 1981

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, October 21, 1981

The committee met at 10:07 a.m in committee room No. 1.

ESTIMATES, OFFICE OF THE PROVINCIAL AUDITOR

Mr. Chairman: Ladies and gentlemen, I see a quorum now, so I think we should proceed with the estimates of the provincial auditor. We have two hours allotted for these estimates. As it is shortly after 10 o'clock, we should get under way.

On vote 1101, administration of the Audit Act and statutory audits program:

Mr. Chairman: Mr. Scott, do you have any introductory remarks to your estimates?

Mr. Scott: Thank you, Mr. Chairman. I have no introductory remarks, but I would like to take the opportunity to introduce the staff members who are with me this morning. On my immediate left is Doug Archer, the assistant provincial auditor. To his immediate left is Mr. Gillis who is in charge of the administration within our office.

We did provide the committee members with a briefing booklet, which I hope pretty well explains the items that appear in the estimates and our reporting and auditing responsibilities as well as our staffing. I will leave it up to the committee, and we will be only too pleased to answer any questions.

Mr. Chairman: Thank you, Mr. Scott. We are open to questions. Are there any from the official opposition, first of all, in the way of kick-off remarks?

Mr. Eakins: At this stage, I am filling in for Mr. McGuigan.

Mr. McKesock: I will pass right now.

Mr. Wildman: I do not know whether the number of people here or the earliness of the hour is the reason for our reticence, or whether it is just that you are doing such a great job that no one has any criticisms to make. I am somewhat at a disadvantage, unlike perhaps Mr. Eakins and other members, because I have never been a member of the public accounts committee. I did appreciate the chance to look not only at the auditor's report, but also the briefing booklet.

Perhaps for my benefit, Mr. Scott, you could explain something. Am I correct in understanding that you work on a four-year cycle in terms of looking at the expenditures and operations of the various ministries? Is that correct or is that a misapprehension?

Mr. Scott: Mr. Chairman, that is correct. That is our objective. We will be into the ministries once every year. During that annual visit, we will look at certain programs within that ministry. Over a period of four to five years, we should have covered all of the programs within a ministry, or a portion of those programs and activities.

We must bear in mind that the Management Board of Cabinet and the cabinet itself have given similar auditing responsibilities to the internal audit organizations within ministries. When I say we will be looking at each and every program, hopefully on a four to a five-year cycle, the internal audit will also look at programs in the interval. One of our first objectives when we go into a ministry will be to review the internal audit, take a look at their audit programs and reports and see exactly what they have been doing and not duplicate the work. If we feel that the work has been satisfactorily performed, we can then accept the internal auditor's work. We will then take a look at other programs that have not been looked at for some period of time.

Mr. Wildman: You are also responsible for the agencies, boards and commissions. Do you work on a similar cycle with those government committees, or what? How do you do that? Is it more of an ad hoc approach, starting to look at one area as opposed to another?

Mr. Scott: If you go back to the legislation setting up those corporations and some of the agencies, the legislation requires an annual audit. In accordance with the law, we must do an annual audit on those agencies. They are all done on an annual basis and audited. Financial statements and reports are issued annually on all of those agencies. In addition to making a copy of the audited, financial statements and the report available to the chairman of the board, we also send a copy to the minister responsible for that agency.

Mr. Wildman: Am I right in understanding that you have about 90 people on staff? What is your staffing total?

Mr. Stokes: It is 85.

Mr. Scott: We have the requirements approved by the Board of Internal Economy for a staff of 103. We currently have 85 on staff. In the professional staff, we have 23 chartered accountants, CAs; 12 management accountants, RIAs; six certified general accountants, CGAs; one master of business administration, MBA, who is now taking CGA training; and one certified public accountant, CPA, from the United States who will be writing her exams to qualify for a CA in Canada, giving us a total of 43 professional staff. Currently, we have 27 students on staff, 21 in the CA program, three in the RIA program and four in the CGA. We consider that one CGA chap with his MBA is a professional. He is included in the 43 professionals and not in the student category.

Mr. Wildman: You have a number of vacancies. What is the reason for that? Is it not being able to find qualified staff?

Mr. Scott: It is very difficult right now. The market for qualified accountants is, I guess, the most lucrative outside of possibly the engineering profession where there is quite a migration to the western provinces. It is not only peculiar to our staff, but national firms as well are short. Other legislative auditors are short. The auditor for Alberta has just concluded a recruitment in Great Britain to try to bring over some qualified accountants.

To illustrate the movement in the accounting and auditing profession, between April 1, 1980 and September 30 of this year 26 staff members have left the office. Of those resignations, there were six CAs, two RIAs and one CGA. Twelve students left to go into other areas and four retired. Two CAs retired at the age of 65 and also two other staff members who were not qualified but were on staff at the time of the pre-audit era of the provincial auditor.

Mr. Eakins: Did you lose any to western Canada?

Mr. Scott: No, I cannot say that we have.

Mr. Stokes: To the private sector?

Mr. Scott: The private sector is just as lucrative here in Ontario and accountants do not have to move out west. A lot of the jobs out west are in Edmonton. Somehow or other

people do not seem to appreciate the Edmonton climate, particularly in the winter months. We have not lost any to the west.

Mr. Stokes: Is that atmospheric or political?

Mr. Scott: I would rather be nonpolitical. I would say it was atmospheric.

Mr. Wildman: Are you engaged in an active recruitment program of any sort?

Mr. Scott: Yes, we are, as a matter of fact. We have applications coming in. In the last couple of weeks, five applications came in. Two applied for audit supervisors, for which we have a vacancy. One will be interviewed tomorrow. One has been interviewed and an offer has been made at the auditor, not at the supervisory level. You usually find when people apply for a position their sights are possibly a little higher than their experience and qualifications warrant. We have made an offer, as of yesterday, to one applicant. The three other applicants, all for student positions, have been rejected.

We are currently in a recruiting campaign at the universities. We had five CA students write their uniform exams in September. The results will be out about mid-December. We have our fingers crossed, hoping at least three will be successful. Then we also keep our fingers crossed that we will be successful retaining them on staff.

Mr. Wildman: I looked at the Hansard from last year's discussion and I understand there was a good deal of discussion about the Canadian Comprehensive Auditing Foundation. Can you give me some idea of what type of research is going on. Are you expanding your role and what do you see as the future of that operation?

Mr. Scott: I am on the board of governors of the foundation, made up of legislative auditors plus senior partners from the private sector. The purpose of the foundation is to gather and disseminate the methodology for comprehensive auditing or value for money. The first research project undertaken by the foundation—and I sent a copy to all members—was this booklet, *Improving Accountability—Canadian Public Accounts Committees and Legislative Auditors*.

10:20 a.m.

The foundation does not issue standards. There is a lot of work being done at the auditor general's office in Ottawa, among the legislative auditors of the provinces and in the private sector. The foundation is gathering all of this information and then it will issue guidelines for

auditing. If there are to be standards issued, which there likely will be two or three years down the road, CICA, the Canadian Institute of Chartered Accounts, will issue those auditing standards for comprehensive auditing on the same basis as they have issued the standards for financial and attest auditing.

Mr. Wildman: In terms of accountability, and perhaps you might comment, one of the things that certainly bothers me as a member of the Legislature in the six years I have been around here is that in terms of our legislative role and our responsibility to observe and analyse the spending of government and various ministries, agents, boards and commissions, the very size of the operation and the time we have allotted often lead us to the situation where we, as legislators who are responsible for voting estimates, are not even looking at the estimates until after the expenditures are long gone.

In your operation, do you see any particular problems you face in terms of accountability in accounting for expenditures that have been completed, or ways in which you think your operation could be made easier in determining how you can observe and analyse the expenditures of the government?

Mr. Scott: I do not see any problem from our office standpoint in analysing expenditures, irrespective of when they are passed or scrutinized by the House. I can visualize possibly the frustration of members when the estimates are being reviewed possibly six, seven or eight months after the start of a fiscal year. I am not too sure how you can avoid that under our present operation, other than making a concentrated effort on estimates as soon as the House opens in March of each year.

It would be a case then of the House having almost to put aside other business to deal solely with estimates. I do not think that is probably a practical approach. I do not see any problem as far as we are concerned because we will still examine the expenditure to see that it is made in accordance with the way it is voted in the Legislature.

Mr. Stokes: Mr. Scott, first of all, from my perspective and knowing how the office of the provincial auditor has been occupied when I was in a previous incarnation, I would say that this is perhaps the most important function of this institution around here. I think we have been particularly fortunate in having people like yourself and Mr. Archer watching, literally on a daily basis, to ensure that there is accountability.

I am not going to get into any particular details, but I was privy to some of the observations you made in advance of the year-end just to make sure that everybody, including us, was on his toes to ensure that there was accountability and that the moneys were being expended for the purpose for which they were intended. Knowing that you are about to retire at the end of this year, we would be remiss if we did not say—at least I am saying it personally; I do not presume to speak for everybody around here—that you and your office have performed yeoman service on behalf of the institution of parliament and making sure that accountability is here.

I also know there are a lot of other jurisdictions, including the federal one, that are trying to emulate the same kind of administrative structures and the sort of overseeing of the expenditures. I know your previous counterpart in Ottawa, Mr. Macdonell, has made many trips over here to see how you run your operation in much the same way that we were running our administrative structure within the Office of the Assembly. While this government and many ministers claim that they are world leaders, I do not know that I would endorse that holus-bolus, but I would like to say to you, Mr. Chairman, and members of the committee that I think in this particular field we do not take a backseat to anybody. I thought we should put that on the record.

You are saying, Mr. Scott, that you think it is absolutely essential that there be a restructuring of the office with increased resources. In answer to some of Mr. Wildman's questions, I notice that you now have a complement of 85 and you hope to bring that up. You are asking for the financial resources to bring the complement up to 103. Is it right to assume that your office—unfortunately, I suppose, in one respect—has been the training ground for auditors, and once they get the necessary background they are able to go out and sell their talents and their abilities elsewhere?

I am wondering why that is the case because it costs money to train people. I do not suppose there is anybody who knows that any better than you do. Why are they so anxious to leave once they have acquired the skills that they are able to acquire as a result of an association with your operation? Is it because we are not offering the going rate? If so, why are you so modest? The budget you are responsible for auditing is well in excess of \$17 billion, and I do not think you have too much difficulty attracting people, but once

they acquire those skills they are quite marketable and you lose the people. I suppose that is not a bad thing in the overall scheme of things, but it must cause you and your operation some difficulties. Is it the case that you are not paying those people enough money?

Mr. Scott: Mr. Chairman, if I may, I would first like to go on record as thanking Mr. Stokes for his kind remarks about our office. In relationship to salaries, we are competitive. It is strictly the market. Qualified people leave and also some of the students. When we have a student on staff for a year, he may assume that auditing is not his bag and he wants to go into more of the accounting and financial management end, and so he leaves and takes a position elsewhere. Of the qualified staff, some decide they want to try their hand out in the private sector and they leave. Others transfer to ministries and agencies of the government.

10:30 a.m.

We feel we do not lose when we train them and they leave and go to other ministries or agencies. Hopefully, this will increase and improve the calibre of staff within those agencies. Where we do lose is when an employee goes to the private sector. Under current market conditions, I do not think there is anything we can do to avoid that. As I say, we are competitive with salaries being paid in the private sector but there is one thing we do not have in our office. If there is a very bright student who may have the potential to become a partner in the private sector, we have not got that. We cannot offer a partnership.

There is some incentive for someone to leave and try his hand in the private sector with one of the national firms to see if he can become a partner. We have to admit that promotion within the office is limited because we only have two senior positions, that is, the auditor and the assistant auditor. We do have six directors, but that does not give one a great deal of promotion. If a person has his sights on promotion, he will stay with us for a period of time, then leave and go to a ministry or crown agency or out into the private sector.

Two of our former staff are at the Ontario Lottery Corporation, two at Hydro, one at the Alcoholism Addiction Research Foundation and several over at the Solicitor General's administration branch, so we do not feel that we have lost, although I will admit it is costly. But it is not as costly if we were to discontinue the student training program because then we

would have all chiefs and no Indians on staff and the salary costs would be far greater than they are now.

Mr. Stokes: What you are saying then is that the amount of money you have been spending last year and what you are asking for this year is a bit of a distortion, not that you are not spending the money, but you are acting as a training ground, not only for the private sector but for other ministries, boards and agencies. In effect, even though you may lose them and have to put more in at the end of the pipe in order to bring them up to the necessary qualifications, you are in a very real sense a training ground for other areas of government.

Mr. Scott: That is correct, Mr. Chairman.

Mr. Stokes: Since that is working so well then, is there any pressure on your office to train auditors in such a way that they may be able to take over those duties in the various ministries? Are they having difficulty? In reading your detailed reports of some of the errors or omission of commission in various facets of our operation, do you see a need for more skilled people within the ministries just so that they can meet the requirements under the Audit Act?

Mr. Scott: Mr. Chairman, that is progressively taking place within the ministries currently and within the agencies. When the vacancies do come up, they are now looking for trained and professional staff to fill those vacancies. I do feel that the quality of administration within the ministries and the agencies is improving and it will continue to improve with our training program and also with the training program of the senior financial officers' council and the internal auditors' council.

Mr. Stokes: You are responsible for checking the expenditures of a good many of the operations of the government. One that hit me particularly was the Province of Ontario Savings Office. Is there any way in which you think the Ontario savings bank could be used as a vehicle to provide funding for a lot of social programs? We do not have very many branches of the bank in the province. I believe there are something like 18, and six of them are in Metropolitan Toronto, so it does not seem to satisfy a province-wide need.

On a recent trip to Japan I was made aware that the Japanese, as a nation, are the greatest savers in the world. They save anywhere from about 13 to 22 per cent of their take-home pay, for two very good reasons. One of them is that they would like to be able to own a piece of land

and a home of their own, which is extremely costly, but they never give up hoping to gain that objective. The other is saving for educational purposes; they are very education conscious over there.

Most of their savings, or at least a good portion of them, are deposited in the post office. I am not suggesting that we should do that here in Canada, but I am wondering if you have given any thought, based on your knowledge of the Ontario provincial savings bank, to using that as a vehicle for, say, lower than market cost loans and a means whereby we may use those resources there for socially useful purposes.

Mr. Scott: When we are discussing that I think we are getting into policy and the policy field is not a something the provincial auditor should be discussing. However, I think, as far as the Province of Ontario Savings Office is concerned, it is very limited in its activities by the Agricultural Development Finance Act. It would mean a change in legislation if you wish to increase its activities. As you mentioned, Mr. Stokes, it is greatly limited due to the number of outlets within the province.

I think it is a policy question and I do not think I am in a position to state any policy in that regard.

Mr. Stokes: I thought, more or less as a swan song, that you would want to leave us with some words of wisdom or some new approaches for doing things better. However, I appreciate the position you are in.

I am wondering, in your perception of the way in which we spend the \$17 billion, give or take a few hundred million, if you had the opportunity to dramatically change the way in which there was greater accountability—and I am not talking in terms of policy, as to the way in which that pie is split up—is there anything you would do, given a mandate to change the Audit Act or change the way in which all of these budgets are administered, or is there any advice you could give to us as to what direction that might take?

10:40 a.m.

Mr. Scott: I cannot foresee any need at this point for a change in the Audit Act. I think we have come a long way from the auditing standpoint and accountability after the fact through the standing committee on public accounts. However, my only thought is that where improvement could be made is possibly in the estimate process, in the presentation of the estimates and in the review of the estimates.

We touched on that with Mr. Wildman a few minutes ago, and I think we all recognize that the estimate process is of major concern and that is where policy is formulated. The Legislature passes the expenditures in order to carry out the policy. I feel that is an extremely important forum and that improvements could be made.

There is considerable work being done on that right now in Ottawa on the federal estimates process. How successful it will be, I do not know, because one has to realize that the time of all members is limited as to the amount of review and reading they can do in preparing themselves for the estimates process.

The only thought I have on it is that in dealing with estimates it might be appropriate, instead of trying to review an entire ministry, if you were to review one or two programs in depth and basically take an approach similar to what we have in the auditing field and do it on a cyclical basis. In other words, I think when you are dealing with a \$17 billion or \$18 billion budget, it is far too great a matter for a committee to deal with entirely when you take ministries such as Transportation and Communications, Community and Social Services and Education. I would suggest that you look at that forum and see if it could not be done on a program basis.

Mr. Stokes: I have not read the Lambert report, although I have heard it referred to on a number of occasions. Is that in general terms what is recommended?

Mr. Scott: I do not think so. I would have to refresh my memory on that, but I do not recall that was specifically mentioned in the Lambert report.

Mr. Wildman: Could I have a supplementary? I understand, Mr. Scott, in Ottawa, and you referred to this, there is some attempt to go that route, to look at specific programs in depth as a way of trying to get a handle on estimates that in the past just seemed to pass. For instance, often what happens, and it depends on the ability of the chairman and the committee, is that in discussing the estimates of a particular ministry one can spend almost the whole time allotted talking about the first vote and then suddenly, in the last hour or so, pass all the other votes, which could include enormous expenditures and very important programs. Of course, I suppose that happens everywhere.

In Ottawa they are attempting in a committee to say: "This year we are going to look at this

program in depth and we will not be looking at the others. We will do them on an ongoing basis next year or the year after."

Mr. Scott: I think possibly that is the approach they are trying to get to in Ottawa. It is my understanding that they have produced several of the department estimates in a new format. I have not had an opportunity to take a look at that format, but I understand they are doing it on an experimental basis, more or less, to see whether this approach would be more successful.

Mr. Stokes: Just following up on that, I think we could do a lot to improve the whole process with regard to the estimates. This being a political forum, if you were to monitor most of the estimates, I think you would see that rather than spending some time on the amount of money to be voted, as is the case here, we deal with what went on in the past. I do not think we have any quarrel with the additional sums you are asking for here. You are going from \$2.7 million in 1980-81 to \$3.5 million in 1981-82. From my knowledge, I think every penny of it is well spent.

In listening to reports that come into the House from the public accounts committee—and there was a wide-ranging debate in the House the other night on a report that was tabled from the public accounts committee—I sensed that the chairman of that committee, in particular, felt very frustrated by really not being able to do as much as he would like to do. I tend to think that they look at your report, get some highlights from it and, as it were, skim across the top and say, "Well, if the auditor thinks there is a problem here, maybe there is and that is what we should be concentrating on."

In your experience with our own public accounts committee, and I am sure you are well aware of that process in other jurisdictions, how might that be improved so that it is not just a reactive kind of process? It could be with more of a sense of direction, that they should not really have to wait for you. The ideal would be if they were to say, "Here is a problem. Let us see if we cannot correct it or provide some suggestions that might improve the situation." I tend to think they just look for your report and then say, "All right, if the auditor says there is a problem here, let's dig into it," and that kind of thing.

Is there any way in which we could improve our usefulness and get a bigger bang for our dollar with regard to our public accounts committee?

Mr. Scott: In reply to that question, I think that here again we are dealing with time. The public accounts committee only meets from 10 o'clock to 12 o'clock once a week, which is hardly sufficient time to deal with the vast expenditures of such a complex organization as the Ontario government.

In order to get a better bang for your buck, I think that the public accounts committee would require at least two meetings per week so that they could review any comments they wished in connection with my report to the Legislature and also do some review of the actual public accounts, particularly the financial statements that appear in volume one of the public accounts.

I think the current chairman of the public accounts committee has this in mind for 1982-83. It would hinge upon whether or not the Legislature gives the committee the right to sit when the House is in recess because, as I mentioned, one meeting per week while the House is in session is not sufficient time.

Mr. Stokes: Then you would subscribe to the idea that they really do need more time in order to carry out their mandate effectively?

Mr. Scott: Definitely. I would say the public accounts committee in Ontario has come a long way. If you have had the opportunity to read this research project, you will see that the majority of the recommendations in there, as you mentioned, Mr. Stokes, have already been implemented in Ontario. We have come a long way, but I do not think we should rest at that point. We can always improve, and it would have to involve additional time being allotted to the public accounts committee.

10:50 a.m.

Mr. Brandt: Mr. Chairman, at the outset of the report, comment is made to the effect that the objective of the office is to visit each ministry on an annual basis and to do an analytical review of revenue expenditures, an operational review of selected segments of approximately 25 per cent of their programs.

With the budget increase on the staff side making up about 85 per cent of the total increase, and recognizing that the major part of your cash requirement is for employees generally, would there be any change in how frequently you visit the various departments and ministries that you are actually doing an audit on? What will happen in connection with that increase in staff in terms of performance, or what can be expected in terms of any improvements?

Mr. Scott: That increase in staff is to assist us to carry out our objective. Currently we are not able with the present staff to be into every ministry on an annual basis. Some of them may be 15 months and some 18 months apart. If we can recruit the professional staff that is provided for in these estimates, then we can foresee carrying out that objective. As I mentioned, we are 18 staff short—17 professionals and one student. As soon as we can recruit the professional staff, then, hopefully, we will reach that objective.

Mr. Brandt: Are you effectively saying that you are falling behind your mandate as a result of having less than the required staff complement and that you are not able to carry out the audits on as frequent a basis as is indicated that you should be?

Mr. Scott: That is correct. We are not carrying out those audits with the frequency we would like to carry them out. Each year more agencies and corporations seem to be formed, adding to the work load as well. As I mentioned previously with respect to the audit of agencies and corporations, the legislation setting up those bodies requires an annual audit, so it is essential that we get in and do it on an annual basis. As we get more and more agencies and corporations formed, our work load becomes heavier. The two factors, the increased work load and the shortage of staff, affect whether or not we reach our objective.

Mr. Brandt: One of the problems I found in reading the report was that it basically indicates staff and budget requirements. It gives a general outline of the types of duties and responsibilities you have, but it was very difficult to determine what you have done from that report.

You touched on it earlier by talking about possibly putting perhaps two or three of the agencies you review in an in-depth fashion on a somewhat cyclical basis, not dissimilar to the kinds of audits that you take. I think that would be of value. I would like to endorse that direction, frankly, because I think there would be some merit in perhaps highlighting at the request of the committee any of the areas you are auditing at the moment, or, alternatively, having you bring forward some of the key areas of audit where you perceive problems to be corrected or where we can get a better handle on exactly what your functions are.

Mr. Scott: In reply to that, I would draw the members' attention to our annual report to the Legislature for 1979-80. In that report, as an

appendix, exhibit six, we list all ministry audits that have been performed during that year, the agency audits, and we highlight the special reviews in exhibit five. Any material or significant items we find during our review are reported in the detail of the annual report, together with the ministry or the agency response. So we do publish that information in our annual report.

Also, our recommendations are published. We publish both the recommendations of the public accounts committee and the recommendations of our office and what has happened to those recommendations, whether or not they have been implemented or whether they are still outstanding. Those are all exhibits in our report.

Mr. Brandt: What would be the appropriate time for your agency to red flag, as an example, a problem area that you wanted to bring to the members' attention? Would that be done more appropriately through the annual report or would that be done during discussion and review of your budget?

Mr. Scott: Mr. Chairman, that could be done in two ways. It could be in our annual report or through the Audit Act 1977 which provides for the issuing of a special report to the Legislature. In other words, if we were to come across a major fraud in the organization of government that we felt could not wait until we published our annual report, we have the right, through the Speaker, to present a special report to the Legislature. To date it has not been necessary to present such a report since obtaining that right on April 1, 1978.

Mr. Brandt: You are indicating that there has not been a problem of sufficient concern to proceed in that fashion. Is that what you are saying?

Mr. Scott: That is correct.

Mr. Chairman: Only that we do not know about.

Mr. Brandt: That is exactly the line of questioning I was taking in order to find a mechanism by which the members could be made aware of a problem area and perhaps respond in an appropriate fashion. I was trying to determine what the forum might be and the different mechanisms used by your department to bring a problem to the members' attention because it is very difficult, as you have stated, on a \$17 billion budget to get a handle on every operating department.

You are really the watchdog of government, but I really would like to know how, speaking as

a government member, members can be made aware of problems that you see and you are concerned about, for the purposes of avoiding embarrassment to the government. I am sure that the opposition would like to know of those areas since they are in the position of wanting to make sure that corrective measures might be taken at the appropriate time.

Mr. Stokes: For the edification of Mr. Brandt, I can attest to the fact that if there is anything untoward, or if the responsibilities of a ministry or an agency are not being carried out right to the letter of the law, the provincial auditor is the first one to bring it to anybody's attention. I know that, as the Speaker, if there was something in any of the agencies that report to the Speaker, the auditor or the Commission on Election Contributions and Expenses or anything within the Office of the Assembly, if it was not up to scratch, the Speaker was the first one to know about it and to say, "Will you please give a report on this?" or "Bring this to our attention and have it corrected at the earliest possible opportunity."

I am sure that happens in all of the other ministries of government. It is not a question of the auditor going out and shouting from the rooftops, "There is something wrong in this operation and I think you want to know about it." That is how it was handled, certainly in the Office of the Speaker, and I am sure that is the case in all of the other ministries. If it is not corrected, it appears in the annual report.

Mr. McKessock: Just to continue on that part, this is the first time I have sat in on this committee and I have found it interesting listening and trying to learn a bit about your duties. With regard to that bit about if a problem came up and you would give a special report, could you give me an example of what a problem would be and what you would consider a problem?

Mr. Scott: I would say, for example, if we found a major fraud or any serious misappropriation of funds.

Mr. McKessock: Within a corporation?

11 a.m.

Mr. Scott: Within a corporation or a ministry. As Mr. Stokes has mentioned, referring to the Office of the Assembly, upon the completion of every audit, whether it is a ministry or an agency or a corporation, we send a report, in the case of a ministry to the deputy minister and in the case of an agency to the chairman of the board and to

the minister responsible for that agency. In that report we point out our findings and our recommendations.

Then at the end of the year we summarize any that we feel are significant and important to the Legislature and produce them in our annual report, together with the agency or the ministry's response. If we did have a major fraud, then we would have the right under the Audit Act to draw it to the House's attention immediately without waiting for our annual report. That would then be filed through the Speaker.

Mr. McKessock: When we look over your estimates there is really not much we can discuss unless we disagree with your hiring more people as you suggested, or we disagree with your spending as much money as you are or thinking you should spend more. I guess that will give me a chance to find out what you are doing and what your job is. I guess specifically you are the same as an ordinary auditor for a company in that you see they keep their books right.

The part that is a little vague to me on the recommendations is that section 12 of the Audit Act says, "In his annual report in respect of each fiscal year the auditor shall report on..." and then subsection (2)(f)(iv) says, "...money was expended without due regard to economy and efficiency."

A few minutes ago you mentioned getting into the policy end. I was thinking when you come under that section you would probably be delving pretty close to the policy line. If we want to take an example, I go back here and I notice one of the crown-controlled corporations is the Minaki Lodge resort where money was expended without due regard to economy and efficiency.

If you come to that part of the act and look at Minaki Lodge resort, what would you say in a case like that? It has been discussed that \$10 million was put into it this year for furthering the resort. Yet, no matter how you figure it out, it will never make money. I would think that under that section of the act you would have quite a big report to make because it seems as if the money is being spent without regard to economy and efficiency.

Mr. Scott: In the first place we are not the auditors of Minaki resort. We are not responsible for that audit. What we would be responsible for is any money that the Ministry of Industry and Tourism would transfer over to Minaki Lodge, whether in the form of a grant or whether in the form of a loan. We do not have the right to audit. They have their own auditors.

It is a crown-controlled corporation, not an agency of the crown. They are audited by a firm, I believe, in Thunder Bay.

Mr. McKessock: Why is it listed in here then if you are not responsible for it?

Mr. Scott: Is it not listed under crown-controlled corporations?

Mr. McKessock: Yes, crown controlled.

Mr. Scott: Under the Audit Act, crown-controlled corporations can be audited by a firm from the private sector. We are entitled to get a copy of the audited financial statements and the management letter from that firm, but we are not the appointed auditors. The shareholders appoint their own auditors of that corporation.

Mr. McKessock: But you do get copies of that audit.

Mr. Scott: The audited financial statements.

Mr. McKessock: As provincial auditors then, do you have any right or responsibility for that audit which you receive?

Mr. Scott: We do have the right to examine those financial statements and review them and ask any questions of the current auditors and management. If we are not satisfied, we can then go in and do an examination ourselves under the Audit Act. We do have that right. That came in as of April 1, 1978. Up until that date, we had no right to deal with crown-controlled corporations.

It would be under section 9(3) of the act, which says: "Where the accounts of a crown-controlled corporation are audited other than by the provincial auditor, the person or persons performing the audit shall deliver to the auditor forthwith after completion of the audit a copy of the report of their findings and their recommendations to the management and a copy of the audited financial statements of the corporation."

So we do have access to them currently.

Mr. McKessock: For instance, my accountant would make special recommendations to me if he thought I could do a better job in business. Do you do the same thing for the government?

Mr. Scott: Mr. Chairman, we do make recommendations to the ministries or agencies to improve their administration. But we are dealing with two different situations. One is a profit-oriented enterprise, which is in the private sector. When we get into ministries or agencies, they are not profit oriented. What we

are interested in is the value-for-money concept in order to see that the taxpayers are getting value for money. In other words, they do not produce a profit, but we at least see that the administration is being well conducted.

Mr. McKessock: Does it not amount to the same thing?

Mr. Scott: Basically, yes, but there is not that bottom line of profit in order to assess the organization.

Mr. McKessock: Just to follow up on that, have you ever made any further investigation or made recommendations to the government on these crown-controlled corporations?

Mr. Scott: I do not think we have that I can recall. That section of the act came into being on April 1, 1978, and we have just been receiving in the last year or two the audited financial statements from those organizations.

Mr. McKessock: I think you will find, as I mentioned at the public accounts committee last week, that there will be some comment in relationship to crown-controlled corporations in our 1981 report to the Legislature.

Mr. Stokes: Surely it would be the responsibility of the ministry responsible to justify the social usefulness of the expenditure of any amount of funds. It is the responsibility of the auditor to see that they live up to whatever mandate is given them in law under a particular ministry, but whether or not an expenditure is socially useful would be the responsibility of the ministry providing those funds rather than the auditor.

Mr. McKessock: As to the time you spend in looking into the different ministries, you said you would like more time. You wanted to look into 25 per cent of the ministries, was it?

11:10 a.m.

Mr. Scott: Mr. Chairman, we stated our objective is to do 25 per cent of the programs or segments of the programs.

Mr. McKessock: Of each ministry.

Mr. Scott: Of each ministry on an annual basis.

Mr. McKessock: In that case then, when you are looking into the ministry, you could look into some of these crown-controlled corporations as to the funds being spent on them.

Mr. Scott: Mr. Chairman, that is correct where funds are being transferred from the ministry to those crown-controlled corporations.

Mr. McKessock: In a case like that, would you be making the recommendations under that section of the act again in regard to economy and efficiency?

Mr. Scott: Mr. Chairman, that is probably a speculative type of question and I would not like to say whether we will or we will not. We would have to wait until we examined the financial statements to see exactly what had transpired. If we came across a situation where, in our estimation, the organization was not being administered economically and efficiently, whether a ministry, agency or crown-controlled corporation, we would certainly report on it.

There has to be a distinction made here that we do not measure the effectiveness of programs. That is not the policy or the duty of the auditor. What we do is to see that the programs are being measured by the ministry or the agency and that the measures being used are adequate, and if not, why not. Then we will report on it and make recommendations. But if you start measuring the effectiveness of a program, you are either going to be supportive of policy or critical of policy. It is not the function of an auditor, particularly a legislative auditor, to get into the policy field.

Mr. McKessock: Section 12(2)(f)(iv) is getting pretty close to what we are talking about here, is it not? What do you do with that section of the act?

Mr. Scott: Money was expended with due regard to economy and efficiency?

Mr. McKessock: Yes.

Mr. Scott: That is basically what we are doing in the form of comprehensive or value-for-money auditing within the ministries and the agencies we are responsible for auditing. We are trying to get the auditors in the private sector who are responsible for auditing crown-controlled corporations to audit to the same degree that we are responsible, so that they will be then taking notice of the economy and efficiency and not doing strictly a financial and an attest type of audit.

Mr. McKessock: You see that as your responsibility to let the other auditors know about that section and have them use it.

Mr. Scott: Mr. Chairman, that is to avoid duplication. We can go the other way and overaudit organizations if we have two or three sets of auditors going into the same organization and going over the same books. We have the private sector auditors and we have at times the internal auditor from the ministry and the

provincial auditor. Here we have to get to the stage where we are all auditing to the same standards and eliminate duplication, which is costly and certainly time-consuming.

Mr. Chairman: Is it turning into that situation now, that everybody is auditing on the same basis so that there is no duplication or there does not appear to be the same duplication?

Mr. Scott: It is gradually evolving, I would not express a percentage, but there is a considerable amount of this work going on in the private sector and certainly through the Comprehensive Auditing Foundation. It is bringing together the private sector auditors and the public sector auditors.

Mr. McKessock: I am looking at page three in the briefing book here, where it has listed director resources development policy field branch and under (b) agencies, number one, Agricultural Rehabilitation and Development Directorate of Ontario. What do you have to do with that agency? Is that one of the agencies that you audit?

Mr. Scott: That is right. We do an annual audit on the ARDA operation each year.

Mr. McKessock: That audit at the present time would be pretty minimal. Is the ARDA operation in Ontario, except for eastern and northern Ontario, still in operation?

Mr. Scott: I do not think it is too active, but they do have a considerable amount of land holdings and pasture lands and so forth around the province. Without having the financial statements before me, I cannot give any more detail than that.

Mr. McKessock: What about number seven, The Ontario Junior Farmer Established Loan Corporation? What happens to the moneys that are paid back in from those mortgages that are out?

Mr. Scott: It just goes into the consolidated revenue. The Junior Farmer Established Loan Corporation is strictly a collection agency. They have not issued, I believe, any loans since approximately 1969, so it is a matter now of just collecting on the outstanding loans.

Mr. McKessock: When you would be reporting on that agency, at a time like this when the farmers are in such a depressed state and poor financial position, would there be any chance that you would recommend that they establish this ARDA loan corporation again?

Mr. T. P. Reid: That is policy; that is not the auditor's function.

Mr. Scott: Here we are into policy once again. If that is to be established, I think that should be established at the estimate process. The opposition members could possibly then take it up with the government members to see whether or not they should.

Mr. McKessock: I thought putting that money back into the revenue fund was not taking due regard for the economy and efficiency.

Mr. T. P. Reid: You are reaching now.

Mr. McKessock: One more—number eight, Ontario Stock Yards Board. I am not sure how that board works except that there have been some rumours about maybe changing the stockyards. What would your report have to do on this board? Can you tell me anything about it?

Mr. Scott: I cannot give you too much on that.

Mr. Chairman: I think you are in the wrong committee for that question, Mr. McKessock.

Mr. Scott: Other than the fact that we do perform an annual audit on the stockyards, I cannot give you any information about current policies or what policies they are going to follow in the future.

Mr. Stokes: It all depends on which way the wind blows.

Mr. T. P. Reid: The auditor has recommended that the wind not blow towards him.

Mr. McKessock: I just wondered whether any recommendations were made under that report.

Mr. Chairman: I have three more speakers listed here. Ms. Bryden.

Ms. Bryden: Thank you, Mr. Chairman. I would like to thank Mr. Scott and his office for the briefing book. I found it very useful in giving background information and the relevant sections of the act and so on.

I want to follow up on a few questions about the crown-controlled corporations to start with. Can you tell me approximately how much time your office spends on reviewing the audits of the crown-controlled corporations?

11:20 a.m.

Mr. Scott: I have no statistics on that particular area. We certainly carry out our responsibilities under the Audit Act in relationship to our crown agency audits first and then follow up to be sure that we get the audited financial statements and management letters from these other crown-controlled corporations that we do not audit. But as to time, I am sorry, I cannot give you any specific statistics because we have not kept any.

Ms. Bryden: Is it correct that up until now you have not included a section in your annual report indicating that you have reviewed these or made any comments on any of them?

Mr. Scott: I would say that is correct. Up until the current 1980 report we have not made any comment on crown-controlled corporations.

Ms. Bryden: But you are planning to do that in 1981 on some?

Mr. Scott: There will be a comment at least on one.

Ms. Bryden: Which one?

Mr. Scott: I do not know whether I should release that at the moment, Ms. Bryden. It will be in the 1981 report when it is tabled in the House. I do not think I should give out the information prior to presenting it to the Speaker.

Mr. Chairman: It will give us something to look forward to.

Ms. Bryden: Yes. At present, the ordinary citizen and the members of the Legislature have no access really to the auditors' reports of these crown-controlled corporations except, I think, four of them are published in the public accounts. They are marked in your exhibit in the public accounts. There are probably another dozen. What access does the public or do members of the Legislature have to those audited reports?

Mr. Scott: It is only my opinion, but I think that the members have the right to ask the minister for those reports if they have any concerns.

Ms. Bryden: Presumably, they are part of the annual report of those crown-controlled corporations or there would be the auditors' statement.

Mr. Scott: Most of those crown-controlled corporations are required to file a report in the Legislature which would incorporate the audited financial statements. What would not be in that report in all probability would be the management letter from the auditors if one had been issued. I think in the review of those annual reports, for example Ontario Hydro, a member could ask at the time of the review if there was a management letter issued and, if so, would they file it with the committee.

Ms. Bryden: I was wondering if it would not be possible for you to include the management letter as an appendix to your report so that we do have the management report on those corporations.

Mr. Scott: That would be possible, but then a lot of the management letters pertain to minor administrative matters which I feel would only clutter up the report. Quite similarly, if we were to publish in our report a copy of every report that we issue, we would have a huge volume. Then I think the main and most significant parts of the report would be lost and buried in the mass of information. I think it is preferable to just have the auditor report on any significant findings, not on the minor administrative procedures.

Ms. Bryden: But since you have had this power since 1978 and have not apparently found anything to report, it makes the public unaware of whether there are any things in those management reports that they should be seeing. It is entirely at your discretion what they see, and up to now nothing has been considered significant.

Mr. Scott: I can assure you if we found anything of significance in any of those audited financial statements or management letters, they would have been published in our annual report.

Ms. Bryden: I would like to see some method worked out whereby the members of the Legislature could have more access to those management reports so that they also can judge for themselves whether they would like to follow up on some of the items. Is there a possibility that can be arranged on a more regular basis?

Mr. Scott: Mr. Chairman, as I mentioned a few moments ago, when the various committees of the Legislature review at least certain crown-controlled corporations, I am sure they would be within their right to ask the corporation or the minister responsible for that corporation for a copy at the time of the review.

Ms. Bryden: It is only done on a very rotating basis and only a few come before a committee of the Legislature, so they would not have the opportunity every year unless those reports were made available on some sort of basis, say, to members of the public accounts committee, or something like that.

With regard to the purchase of the interest in Suncor, will your office play a role in evaluating the activities of that company or our interest in it? Were you involved prior to the purchase in any way in auditing or looking at that company's accounts?

Mr. Chairman: I doubt if the auditor had any part to play before the purchase of it.

Mr. Wildman: Very few Tories did either.

Mr. Scott: Mr. Chairman, to advise on that, no, we have had no part to play in the review or recommendations regarding the purchase of Suncor. The Ontario Energy Corporation is not a crown agency. It is audited by a firm from the private sector and, therefore, we would have no part to play in the Ontario Energy Corporation at all. If you go back to the legislation, you will find that it specifies that the Ontario Energy Corporation is not a crown agency. It is right in the legislation.

Ms. Bryden: It is a crown-controlled corporation, I believe.

Mr. Scott: I suppose, currently, you would have to say that because they appoint the directors. But I believe it is left open in the legislation that there can be private investment into the Ontario Energy Corporation as well.

Ms. Bryden: It is listed in your exhibit as a crown-controlled corporation.

Mr. Scott: Controlled, yes. Currently it is because, to my knowledge, no private funds are being invested in the Ontario Energy Corporation.

Ms. Bryden: This is one crown-controlled corporation where the Legislature may be very interested in seeing the auditors' report next year.

Mr. Scott: I am sure.

Ms. Bryden: We should take steps to make it possible. As you say, it probably is possible through a request in the Legislature.

I just have a couple more questions. I notice you do a number of specialized audits in your chart of the various functions of the staff. What specialized audits did you do last year? There seems to be a complement of 12 people working on that.

Mr. Scott: We are using the specialized reviews we are doing as training and development for the value-for-money type of auditing we have set up. Currently, we have four teams that go in and do an in-depth value-for-money review of a specific program or a segment of a program. This is being done on this basis in order to train staff in the comprehensive or value-for-money type of auditing.

When you look at the makeup of our staff, we have professionals accustomed to doing strictly the financial and attest type of audit, and it is extremely difficult to switch them over and change their thinking to do the economy and efficiency type of audit. So we have set up these teams and we train under four managers. We

put support staff in there and they do these special reviews. They train staff, and then we rotate that staff so that eventually we will have all of our staff trained in this field of auditing.

11:30 a.m.

As they leave those special teams, they go back to their normal auditing routine and then import those types of auditing techniques into the normal auditing. Over a period of a few years, we will have all of our staff specifically trained in the economy and efficiency type of audits. They will be then integrated with our normal auditing of the financial statements of agencies and corporations. That is what we are doing on the special audit review.

Ms. Bryden: Can you give us some examples of which special audits were done and in what ministries or agencies?

Mr. Scott: Just off the top of my head, we did one on the women's bureau, the affirmative action program in the Ministry of Labour. I am speaking currently now.

Ms. Bryden: I was just asking for anything in the last year.

Mr. Scott: Yes. We did one at the Ministry of Transportation and Communications. I cannot tell you off the top of my head the title of that audit. We did the Experience '81 program and the Ontario Economic Council.

Ms. Bryden: Are there reports of those special audits available?

Mr. Scott: We will be reporting on those reviews in the 1981 report that will be tabled in December.

Ms. Bryden: If we wanted the report itself from the audit, would a member be able to get a copy of that?

Mr. Scott: Ms. Bryden, we list in our annual report every audit that we do. If the public accounts committee would like to see that complete audit and passes a motion to that effect, yes, we would make it available. We do not distribute our reports to individual members or to the general public. We feel that we should maintain the auditor-auditee relationship.

In other words, if a member wants an individual report and is aware that we have made a report, then he or she can go to the auditee and request it from either the minister or from the chairman of that particular crown agency. The public accounts committee can pass a motion and request that we table it. If it does, then we will table it at the public accounts committee, at which time it becomes a public document.

Ms. Bryden: Am I correct in thinking you said the special audits were mainly based on the examination of value for money spent, rather than the efficiency of operations?

Mr. Scott: On both economy and efficiency — the value-for-money concept.

Ms. Bryden: Just one final area. While it appears that there is some justification for increasing your staff because of the increasing number of agencies and also because salary rates are going up, there is about a third increase in your appropriation, I believe, which is a fairly substantial amount in the present state of budgetary economy in the province. Are there possibilities of savings through the coming in of computerized accounting, which most firms are now using and which involves perhaps handling fewer individual pieces of paper and more printouts, or are there possibilities for computerization in some of your work? Are you looking into the possibility of savings in this field?

Mr. Scott: Mr. Chairman, I would point out that one of the recent acquisitions in the office has been a chap who is experienced in computer auditing. He has come on as a director. We have listed in here his duties, one of which is responsibility for all electronic data processing auditing.

We have also this year brought word processing into the office in order that we can produce our reports and financial statements much faster and with less effort. It was brought in in June. We will not reap the benefit of that until next year because we have to put all of those into the memory of the word processing equipment. Next year when we are doing the financial statements, it will minimize the amount of time our typists will need to take for those statements.

We are also looking into the computer field. Mr. Machen, who came on our staff about the middle of May or June 1, is highly competent in the computer area. We are looking into the aspect of introducing some computer work into our auditing. I do not say it will reduce our staff, but in years to come it may prevent a further increase in staff. In other words, we could handle an increased work load with the current staff. I do not know of any computer installation that has actually reduced staff at the outset, but it does permit you to expand your organization and your operations without increasing staff.

Ms. Bryden: Just one final question. Are you covered by the crown employees' report that shows the percentage of women employees to

men employees in your organization? Can you tell us approximately what the percentage is of male and female staff?

Mr. Scott: I would say, just off the top of my head, Ms. Bryden, it is probably around 20 per cent. There is an increasing number of female applicants coming into the auditing field. Currently we have three. We have one audit manager, two supervisors and three auditors who are female and we must have nine female students.

Ms. Bryden: Out of how many?

Mr. Scott: Out of 27.

Ms. Bryden: One third.

Mr. Scott: A third of the staff, but it is increasing. It has been more noticeable in the last two years as to the number of female students who come out of university in the commerce and finance field and are taking on the auditing profession. It is no longer male dominated, I can assure you.

Ms. Bryden: Do you have an affirmative action program to encourage women to upgrade themselves and move up?

Mr. Scott: We encourage all staff whether they are male or female. As a matter of fact, it is a condition of employment when we hire people that they will proceed to acquire an accounting designation. Certainly we encourage them all to do that.

Ms. Bryden: Do you have a full- or part-time person whose job it is to engage in affirmative action as some of the ministries have?

Mr. Scott: My secretary is our representative on affirmative action and attends all of the meetings of the affirmative action group in the government.

Ms. Bryden: Along with all her other duties.

Mr. Scott: That is right.

Ms. Bryden: Thank you, Mr. Chairman.

Mr. Runciman: Mr. Scott, you mentioned something in passing earlier about each year more and more agencies and corporations being formed. I am just wondering how significant that trend is. Has it been more pronounced than, say, in the period from 1975 to 1980 when we had a minority government situation? Could you comment in a little more detail on that?

Mr. Scott: It is very difficult to say. I do not have statistics, but I would say there are three or four each year. Just as an example, you have a bill going through the House right now which sets up—I cannot give you the correct name,

but it is the board that reviews the police. There are two audits involved there, as far as we are concerned. We have to audit the commissioner and then we have to do an audit on the board. Basically, I would say we are probably up anywhere from two to four a year.

11:40 a.m.

Mr. Runciman: This has been going on for how long?

Mr. Scott: I would say for the past three or four years.

Mr. Runciman: Okay, fine.

Mr. Stokes: Did you say "fine"?

Mr. Runciman: That answers it—for the past three or four years.

With regard to recommendations, you have mentioned you make recommendations for ministries after you do an audit in terms of the fiscal management of the ministry. Have you in the past few years had any bad actors, people to whom you have to come back with the same recommendations year after year?

Mr. T. P. Reid: Just read our reports.

Mr. Scott: I think that the chairman of the public accounts committee could answer that possibly. We do have concerns with certain areas, yes. I think the public accounts committee has been dealing with one area now for the past two years, one which I think possibly has been finally resolved.

Mr. T. P. Reid: Not because of government action, though.

Mr. Scott: No, I do not think there are any. Certainly, if we find that our recommendations are not being followed up and there is no plausible explanation as to why they are not, we will repeat them the second time. I can assure you that if we have to repeat them the second time and they appear in the annual report, the chairman of the public accounts committee will have that ministry before that committee.

Mr. Runciman: This is just for my own information. There is some criticism of the government acquiring a jet aircraft for \$10 million recently. Do you take a look at those kinds of significant purchases and appraise whether they are of benefit to the taxpayers of the province or not? Do you get involved in that area?

Mr. T. P. Reid: That is a policy decision.

Mr. Scott: Mr. Chairman, we are not involved with policy on the purchase of the jet.

Mr. Runciman: I am not talking about the purchase of the jet. In a sense, it is whether the jet is being utilized to justify that type of an expenditure? Do you get into that sort of area? That is just an example.

Mr. T. P. Reid: That is the job of the estimates committee and the opposition. He cannot make a value judgement on whether we need a jet or not.

Mr. Scott: I do not think that we would be involved initially in reviewing. What we would be involved in is, at some time in the future, taking a look at the utilization to see whether or not that type of aircraft is being utilized from an economy and efficiency standpoint.

Mr. Stokes: Or whether it is used for a run to Vermont or to go to an interprovincial conference or something. There is a distinct difference.

Interjections.

Mr. Wildman: Or Lawrence's trips to Cuba, for instance.

Interjections.

Mr. Kells: That is a long time ago.

Mr. Runciman: Perhaps this is something you do look at, to give you a specific example. Last year there was a ramp going into a parking area over by the Whitney block. It was the Ministry of Government Services that was responsible for this—we can ask them about it this afternoon. They constructed a canopy over that ramp, steel beams and so on. It must have been a pretty hefty expenditure, I would guess in the neighbourhood of \$100,000 or more, just to keep the cars dry as they went in the garage. Do you take a look at that sort of thing and comment on it, and did you look at that specific area?

Mr. Kells: That is so it will not freeze and you slide down into the place.

Mr. Scott: Mr. Chairman, I must say that we have not, to my knowledge, looked into that area. Whether we would or not, I could not say. I would have to wait until we do an audit in MGS, but I would think it is possibly put there for more purposes than just to keep the cars dry.

Mr. Runciman: I would hope so.

Mr. Scott: I am sure it is there because of the winter conditions, where there would be ice and

whether there have been any accidents in that particular area due to icing conditions, I have no knowledge.

Mr. Kells: You cannot park there. It is always full.

Interjections.

Mr. Scott: No, we have not taken a look at that.

Mr. Runciman: Under normal conditions, would that type of thing be something you would look at?

Mr. Scott: It could be possible in reviewing some of the contracts in MGS.

Mr. T. P. Reid: Mr. Chairman, I realize we have had this problem around here, but I would like to extend an invitation to members of the committee and others who are interested in the operations of the auditor and the public accounts committee to attend our meetings. I think it would be very beneficial from an educational point of view. I would like to refer you to our 1980 report, which has been well received by all and sundry, except the government, of course, in which we tried to outline the relationships between the committee and the auditor and between the auditor and the government.

Probably what we should be talking about here more than anything else is the budget of the auditor. That is what we are here for. What happens in our estimates committees is we sit around and ask informational-type questions, or we talk about policy and we never talk about money. Part of the reason our financial accountability system is almost zero in the province and almost every other jurisdiction is that we never in estimates discuss money.

The public accounts committee and the auditor are sort of the last part of the financial accountability cycle. I forget which gentleman was asking earlier what we really do and what it all means. The greatest problem with the auditor and the public accounts committee in our reports is that we do not have any way of enforcing the recommendations either made by the auditor or by the public accounts committee, other than to embarrass the government or, in particular, the civil servants.

I think you have to keep in mind that the civil servants really run the day-to-day financial administration of the government. It seems to me, if public accounts are doing a proper job, they should deal with good financial administration or bad and not get into the policy fields that we all like to discuss, but should stick to the use

of financial resources voted through the estimates to the civil servants who run the province on a day-to-day basis.

I think if you look at the briefing book provided by the auditor, first of all, you will see that it provides the kind of information on which you can ask questions, which is rare in an estimates procedure. Secondly, if you look at the 1981-82 estimate of \$3,549,000, not even \$4 million, we have an audit staff—or to use somebody else's term, a watchdog—to oversee a budget of something like \$17 billion. My mathematics are not all that great, which is probably why I am not the Treasurer, although that does not seem to be a qualification. As a matter of fact, my mathematics are so poor it is strange I am not the Treasurer.

Mr. Stokes: I thought you were listed as an economist.

Interjections.

Mr. T. P. Reid: We all use computers these days.

The auditor, following his own direction of economy and efficiency, seems to run a pretty lean operation. I would suggest that, while the auditor has asked for increased and additional staff, we are going to probably have to expand the auditor's staff in years to come, as the budget goes up and as the government unceasingly seems to get into other lines of endeavour.

I think Mr. Runciman indicated a pattern that bothers me. About 70 per cent of the provincial budget, or more right now, goes to transfer payments to agencies, boards, commissions, hospitals, boards of education, et cetera, so the Legislature, to a large extent, does not have much control through estimates or through the public accounts committee or through the auditor over how those funds are spent.

11:50 a.m.

Under the Audit Act, we have the authority to follow those funds to the last dollar being spent. But as all of you appreciate, even the newest members, your time here is limited and it is extremely difficult for one committee, or the auditor and the public accounts committee, to keep a handle on this. I think we are going to have to follow British Columbia's route where they have a crown corporations committee which is sort of parallel to the public accounts committee to deal with this because it really is frightening.

For instance, Ms. Bryden mentioned Suncor. The Ontario Energy Corporation, without any reference to the Legislature or the Tory party or

cabinet, can go out and spend \$650 million on a purchase. That does not have to be approved through the Legislature and that raises all kinds of really frightening questions as to whether our function of controlling the public purse really means anything any more.

I would like to say one other thing. I would like to reiterate that, as you know, all members are welcome in any committee. If you really want to find out what is going on in government, I would suggest that being on public accounts is one of the best ways to find out.

Also, this will be Mr. Scott's last appearance before this committee for approval of his estimates. Mr. Scott is resigning as of December 31 of this year. He has been the epitome of a civil servant, both civil and a servant of the Legislature and of the public accounts committee. He has done, in my view, an excellent job. He is a very quiet individual that belies a bit of an iron fist and an efficiency that sometimes somewhat scares me, but he has done an excellent job for the Legislature, the public accounts and the people of Ontario.

I think it should be noted in Hansard that this will be his last appearance. While some of you have not had the opportunity to get to know the auditor, I believe he merits the gratitude of all of us and certainly the best wishes of all of us in his retirement.

[Applause.]

Mr. Chairman: Thank you, Mr. Reid, for bringing those pearls of wisdom to us from the public accounts committee. Mr. Stokes already mentioned the retirement of Mr. Scott and I was going to make mention of it. Although I just met Mr. Scott this morning, I understand that he has done an admirable and commendable job for the public service.

Mr. Stokes: I have a short question, one where you do have some responsibility for initiating policy. It is something that has bothered me for a long while. I do not question the amount of \$31,000 in your estimate that you are seeking for the express purpose of merit increases. As I say, I do not doubt that the people deserve a merit increase, but I wonder if you share my concern throughout this whole administrative structure that the purpose for which it was originally intended has been completely forgotten. Now it is just a matter of course that if you are alive and show up for work, you are entitled to a merit increase.

I had some difficulty when I was in the Office of the Speaker. We used to review it on an

annual basis and I used to insist that merits be based on their performance and the contribution they made to making the whole system work, but if we felt that people were dragging their feet, we just did not give it. I actually had one person leave because he did not get a merit increase.

I know that this would amount to a considerable amount of money if you looked right throughout the whole public service sector. What is your short definition of a merit increase, just for the benefit of those people in this committee? I think it has got out of hand and everybody considers it part of what he is entitled to around here rather than a genuine merit increase based on performance.

Mr. Scott: In reply to Mr. Stokes, it is my perception that there should not be a merit increase for anyone unless there has been a performance appraisal and there should be a minimum of an annual performance appraisal indicating that the individual does actually merit an increase. In other words, their performance must be either satisfactory, above average or exceptional. I do not think possibly that this is carried out, as you have mentioned, entirely throughout the service.

In our own office we do request that the auditor in charge of each audit, upon the completion of that assignment, turns in to his director performance appraisal of all staff under him and then the director will do a performance appraisal on the audit manager.

Before any increase is given to a staff member in my office, the management committee, consisting of the auditor, the assistant auditor and the four directors, sits down and goes over those performance appraisals over the past year to see whether or not the individual warrants a merit increase. That is basically how we operate. I would like to see that operated throughout the service.

Mr. T. P. Reid: Mr. Chairman, may I just add two things to that? I would like to preface it with a question. Did you say people performing average or above average or exceptional?

Mr. Scott: We have it graded, and I am going to take this off the top of my head. It is four per cent if they are average and six per cent if above average. If they are performing well above the standard, it would be a six per cent merit increase. If they are exceptional, then they might get eight. Nobody gets above an eight per cent merit and one must be below the maximum of the classification in order to get any merit

increase. If they are at the maximum of their classification, they get nothing.

Mr. T. P. Reid: I realize that these matters are laid down by the Civil Service Commission but, quite frankly, I do not understand the whole philosophy of giving somebody a merit increase if his performance is average. That makes absolutely no sense to me.

I would refer the committee again to our 1980 report in which we went over this matter fairly thoroughly. As Mr. Stokes pointed out, there are no performance appraisals or no very sophisticated ones carried out in most ministries. It has become an automatic increase. People get the economic increase of whatever the Civil Service Commission has decided upon. On top of that, which the public does not know, if they get a 12 per cent economic increase, they are also entitled up to an eight per cent merit increase. The whole system is out of whack. Not only that, if they do not get what they figure they deserve, they can grieve the matter.

Most civil service managers have taken the view that you might just as well give it to them and to hell with it because it is not worth going through the grievance hassle, where you have to have sent them a letter or reprimanded them or put on their record that they are not performing correctly or up to standard. If you put that on their record, then they grieve that. We were told by one deputy minister that it just was not worth the hassle.

Mr. Kells: It is no different from the municipal situation. Where do you put the lid on?

Mr. T. P. Reid: I realize that, but it is crazy.

Mr. Chairman: Mr. Kells, if you wish to speak would you move up to the mike, please?

12 noon

Mr. T. P. Reid: We recommended in our report last year that performance appraisal be required and that only those deserving a merit increase get it. I just find it astounding. I have been here for 14 years and I just heard about this merit business about a year and a half ago. Most people would never have heard about it because it gets buried somewhere in the estimates and it is not pointed out as a separate item that this is going on.

I suppose in private industry you would get a bonus if you performed well or over and above what is required, but those are pretty tightly controlled. In the civil service for middle management and up, merely by showing up at the office, it seems in most cases they get this merit increase.

Mr. Stokes: Believe it or not, we have some people around here who questioned my right to deny a merit increase. I said if it is a merit increase, let us have this appraisal and see whether or not they merit an increase. They thought it was theirs as a matter of right. I have tried to change it. I think I have had some success too.

Mr. T. P. Reid: I understand from the Civil Service Commission that they are revamping all of their rules and so on. But the problem seems to be a proper appraisal takes a great deal of time. Until it came to light in the public accounts committee, nobody was saying very much about it.

Mr. Chairman: We have one more speaker and we are fast running out of time. Mr. Sheppard.

Mr. Sheppard: Mr. Chairman, my couple of questions will be short. When the fiscal year ends, Mr. Scott, and you start auditing for the year, do you audit on a day-by-day basis or week-by-week or at two-week intervals? I presume your junior auditors look at it and then they send it up to the senior auditors.

Mr. Scott: There are actually three stages in the audit. First, there is a planning stage, which is developed by the director and the audit manager; they plan the audit. Then there is the execution stage where the audit manager goes out with his staff in the field and they perform the required tests and so forth on the ministry or agency's records. On the conclusion of the field work in each area the auditor prepares his working papers. They are reviewed by the manager, then discussed upon the termination of the field work with the senior staff of the ministry or the agency.

The audit manager comes back to the office with his working papers and presents them to the director who reviews them. If the director is in agreement that they have all the documentation necessary to support their findings and recommendations, he will then pass the report with the working papers to Mr. Archer, who reviews it. Upon Mr. Archer's review, I then get an opportunity to take a look at the financial statements, the working papers and the report. If we are all in agreement, the report and the financial statements would then be issued to the agency or to the ministry.

Mr. Sheppard: Mr. Chairman, with regard to Mr. Scott's remarks on the computer and word processing and data processing, I have been led to believe that once you used a computer and

fed information into a it, you would not need as much help. I was surprised to hear your comments that you would not be reducing your staff by feeding this into a computer or using a computer. By what percentage would you say your work load increases each year? Can you put it down to a percentage?

Mr. Scott: I cannot give you a percentage off the top of my head. As we mentioned, there are an increasing number of agencies and corporations coming under our responsibility. With the Audit Act, 1978, we now have to review the audited financial statements of the crown-controlled corporations. Under section 13 of the act, we now have the right for inspection audits on transfer payments. So there is quite an increase in work load. We currently only have two girls doing the typing of all of our statements and reports. I have a secretary—

Ms. Bryden: The term "girls" is no longer acceptable, I am sorry, Mr. Scott.

Mr. Scott: Sorry. Shall we say two females on staff, two typists. I should say two persons doing typing of all our reports and financial statements.

The saving with the word processing is going to be on the conclusion of all of our annual audits because we will have the financial statements for the 60 corporations and agencies set up on the word processing equipment, so that next year all we have to do is move one column of figures over and insert the current figures. That is going to save a tremendous amount of typing. As I mentioned previously, I do not think it is going to reduce the staff, but it is going to allow us to handle an additional work load without increasing the staff. That is the advantage I see.

Mr. Chairman: We are just about dead on time. Perhaps we have about one minute left. I will ask for the vote to be carried and accept the report.

Vote 1101 agreed to.

Mr. Chairman: This completes the estimates of the provincial auditor.

Before we break off, we have Government Services estimates this afternoon. It will be for four hours. We would like to begin right at two o'clock, if everyone could make an effort to be here then to go through those estimates this afternoon.

Ms. Bryden: Mr. Chairman, I understand the Students' Administrative Council is hosting us

between 4:30 and 6 o'clock. Will we have time for that?

Mr. Chairman: I believe it is 4:30 to 6:30. That would give us half an hour providing everybody is here on time. We will just be several drinks behind that is all.

Mr. Scott: Thank you, Mr. Chairman.

Mr. Chairman: Thank you very much, Mr. Scott. We appreciate your being here.

The committee recessed at 12:06 p.m.

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From the Office of the Provincial Auditor:
 Scott, F. N., Provincial Auditor



Ontario

LEGISLATIVE ASSEMBLY

No. G-4

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government
Estimates, Ministry of Government Services



First Session, Thirty-Second Parliament

Wednesday, October 21, 1981

Afternoon Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, October 21, 1981

The committee resumed at 2:07 p.m. in committee room No. 1.

ESTIMATES, MINISTRY OF GOVERNMENT SERVICES

Mr. Chairman: Ladies and gentlemen, I see a quorum so we should proceed. We are going to be reviewing the estimates of the Ministry of Government Services. I would ask the minister, the Honourable Doug Wiseman, if he would care to make any opening remarks.

Hon. Mr. Wiseman: Mr. Chairman, this year we are getting away from the usual practice of about a page or two as our opening statement, and I hope you will bear with us. This year, we are going into a little more depth to explain just what the Ministry of Government Services really does.

Since I became Minister of Government Services, many people, in my own riding as well as others', have asked me just what is involved here. So, it is a little lengthy, but I hope you will bear with me and perhaps you will have a better understanding of the areas of responsibility we have.

Mr. Chairman and honourable members of the committee, with your permission I would like to make an opening statement concerning the mandate and management of my ministry before we proceed with the detailed discussion and debate of the various votes in our estimates.

It is with respect and considerable pride that I come before the standing committee on general government to present the Ministry of Government Services expenditure estimates for the year 1981-82. My respect stems from my own experience of having brought my ministry's spending plans forward previously. That experience has demonstrated to me that these proceedings are in the finest tradition of elected representatives conducting the public business with a high degree of dedication and effectiveness.

As far as my sense of pride is concerned, I must say it emanates from my ministry's fine record of achievement in the last year. I am very proud of it, and confident that the spending plans for which we are seeking the committee's concurrence will help us to create an even more valuable record in the year ahead.

Members of the committee will notice in their briefing materials that my ministry's estimates are well within the target established by the government for this fiscal year. This shows the government's continued commitment to conduct its affairs as efficiently and economically as possible through fiscal restraint and prudent management of money that the people of Ontario entrust to this government. Also, it illustrates the internal economies my officials have been able to effect.

This year, with the Legislature's concurrence, my ministry will be able to increase substantially its support and services to ministries and other clients and, at the same time, keep its own costs under tight and efficient control. That we are able to do this reflects, at least in part, the commitment which the Ministry of Government Services has to the practice of management by results. For several years, ministry managers have measured and monitored their achievements against planned annual targets to provide a meaningful indicator of our productivity and direction for future planning.

The general mission of the Ministry of Government Services has been to provide accommodation facilities and a wide range of goods and services in support of government programs. The operations of the ministry are organized into three major programs of service: accommodation; supply and services; and communication and computer services. Each of these programs has had a common goal to develop and supply various support services and facilities which are responsive to current and projected government program need.

2:10 p.m.

The accommodation program has responsibility for the provision and maintenance of accommodation as well as the acquisition and management of properties for ministries and agencies of the government.

The supply and services program involves the provision of a wide variety of centralized services and facilities to achieve efficiencies and economies in the supply of purchased goods and services as well as certain commonly used government support services.

The communication and computer services program provides a wide range of information technology services, including computer processing and productivity aids as well as telephone, data and radio communications services for government use.

The ministry's annual report for the year ending March 31, 1981, provides a detailed summary of each of these programs, information on achievements and, also, complete information on tenders and contract awards. A copy of this report has been sent to every member of the Legislature. In line with the practice of the past several years, Construction Program, 1981-82, a book containing details on our ongoing accommodation projects, has been tabled and distributed to members.

As the members will see, Mr. Chairman, my ministry is perhaps unique in this government. As our name implies, responsive delivery of service is our history as well as our future. To provide valued support service across the government requires: competent people who are well motivated; an appropriate organizational structure; adequate resources; and rules that make sense.

Mr. Stokes: It is obvious you have a new writer, Doug.

Hon. Mr. Wiseman: As we get into it, you will see we really do follow these, Jack.

The Ministry of Government Services has a staff of more than 3,000 dedicated men and women, located in 26 offices throughout the province. These offices are the primary point of contact with our clients in providing on-the-spot services. These front-line people, in my opinion, do a first-rate job and deserve a great deal of praise.

I should say here I realize in my own riding, as I know all honourable members do, the spinoff from having a branch of Government Services in the area, not only from the wages—

Mr. Stokes: Gee, I would not know that. Tell me about it. What is it like?

Hon. Mr. Wiseman: Not only the wages and the goods and services purchased as a result of these wages, but the goods and services for the repairs and maintenance on the buildings. I know most of us who are fortunate enough to have a branch in our area appreciate that very much, and it sure helps the economy of the area.

It is my judgement that in the last year this work has provided the taxpayer with excellent value for the dollar. It is also my feeling that through the efforts of an expanding service

improvement program, work carried out in the future will be even more responsive and closer to the needs of the people whom the men and women in my ministry are employed to serve.

Mr. Chairman, with your indulgence, at this stage I would like to describe a new mandate and a new management perspective for the Ministry of Government Services which will see emphasis placed on leadership versus ownership and on co-ordination versus control.

The greatest challenge to government in service delivery today is the effective collection and sharing of information. Recent technological development has provided vastly increased opportunities for creating, storing and disseminating information. However, to be effectively useful, government information must be readily and directly available in a form and manner which is both understandable and convenient to the public.

It has been upon this principle that our whole program of improved access to the government has been based. Massive growth in word processing and duplicating equipment, in computerized information storage and retrieval, in the telephone and television technology and in interactive terminals is not enough to guarantee effective communication.

In fact, approximately one half of the gross national product is in some way related to information management. In the future, government will not be able to meet the ever-increasing demands for information without integrated technologies, just as today we could not function effectively without the telephone.

The first phase of improving services by making government more accessible to members of the public is advancing most satisfactorily. As the public reaches the government more successfully, the emphasis must necessarily shift to the way in which information is provided.

Strong, effective leadership is needed to bring together the informational needs and the complexity of related technologies within the Ontario government. These activities must be co-ordinated and backed by sufficient authority to treat the broad spectrum of involved activities as a whole. In addition, the work must be carried out in an environment where the leader's role will be the provision of effective linkages in support of the ministries and agencies primarily responsible for providing information.

Mr. Chairman, I know you and the other members will be interested to learn that in order to meet these challenges, the Ministry of Gov-

ernment Services has recently been given lead responsibility for co-ordinating the government's activities in the development of integrated information systems and delivery of services to the public. The ministry already functions as the government's carrier of information through its telecommunications, computer, mail and print service operations. To be effective in assuming such an expanded lead role, it will be necessary for the ministry to become increasingly active in technological and service development in support of information-providing ministries and agencies.

The Ministry of Government Services will also assume a lead role in the provision of corporate, co-ordinated data bases and in support of the coherent development of information technology. As an information provider, the ministry is already involved in maintenance of basic government-wide data bases, such as the government telephone directory, the integrated payroll, personnel and benefit employee system—IPPBES—and the Ontario government publications.

To achieve this, related functions will be co-ordinated and developed within the ministry, including ongoing information access projects; the government telephone directory and other government-wide information data bases; combining of citizens' inquiry operations, including French language information access services, government switchboards and other general government information service delivery functions; development of IPPBES; correlation of government literature distribution, including the government bookstore; development of computerized legislation and related information and bill drafting systems; and government translation services.

2:20 p.m.

Members should note that public notice will be given of the government's intention to make government information more readily available to the public. A major project under the direction of the Ministry of Government Services will be undertaken, utilizing new Canadian technology to supply information about government, its statistics, regulations and its programs. Use of interactive terminals and government endorsement and use of technology will also assist in furthering the successful development of this important new, high-technology, Ontario-based industry.

The Ministry of Government Services has also been assigned responsibility for taking leadership in the development of standards for

the use by ministries and agencies in measuring the effectiveness of services to the public. The ministry will also incorporate within its own services mechanisms for measuring and evaluating these systems on a government-wide basis.

I would like to draw to the attention of committee members the fact that acceptance of these responsibilities by the Ministry of Government Services is based upon the following: The Ministry of Government Services is essentially a service delivery ministry, largely designed to assist other ministries and agencies in carrying out their own duties effectively and efficiently; through application of the user-pay principles and the optional use of central common services, ministries and agencies will retain program control and financial accountability for services they have my ministry perform.

Mr. Chairman, we are all constantly striving to improve the delivery of our services. As part of this ongoing process, we need to identify areas where new or improved services may be required. Accordingly, the ministry has retained outside consultants to review with our clients areas of service which can be improved. This review is scheduled for completion by the end of November and will provide a basis for positive future action.

In the field of accommodation, the last year has been a highly productive one. The ministry has succeeded in its task of delivering accommodation services to ministries and agencies of the Ontario government by providing, acquiring, selling, managing and maintaining land and buildings within budget and on time. This success is due in large part to improved planning on a five-year basis, strengthened reporting mechanisms and increased emphasis on performance, accountability and monitoring. A restructuring into three distinct programs—provision of accommodation, real property, and the upkeep of accommodation—has served effectively in clearly defining the functions within the overall accommodation branch.

Other initiatives in the accommodation field which clearly demonstrate significant improvements in our performance include: the introduction of what ministry people refer to as "fastrack," a method of accelerated project implementation; an implementation of unit price contracting; and a reduction in the office space vacancy rate here in Metro to 1.51 per cent and outside of Metro, in the rest of the province, of 1.25 per cent; streamlining of

maintenance and construction activities; and conversion from manual to electronic data processing systems.

A recent survey was carried out within the Ministry of Government Services for building construction products. Approximate results of the survey are that 90 to 95 per cent of all the architectural products used are of Canadian manufacture, and 40 to 45 per cent of the mechanical and electrical products are Canadian manufactured. This latter percentage is low because Canadians are not producing in some electrical and mechanical areas.

I have asked our ministry people to highlight these areas and to let the Minister of Industry and Tourism (Mr. Grossman) know about them so that some Canadians will see fit to get into this field and, hopefully in the near future, we will not come in with 40 to 45 per cent of the mechanical and electrical products being Canadian and the rest offshore, but rather aim at the 90 to 95 per cent figure.

The Ministry of Government Services has co-ordinated and is working with the Ministry of Industry and Tourism regarding the use of Canadian products related to construction, covering capital, lease-purchase and alteration expenditures, together with maintenance and repairs.

In an area of more direct personal interest to members, a number of improvements have already been made in the Legislative building. I am pleased to report, for example, that the exercise room which members have been seeking for many years may soon be established as a result of the favourable recommendation of the members' services committee to the Board of Internal Economy. In addition, we are actively pursuing ways to provide improved accommodation for members in conjunction with the overall planning which is proceeding in relation to ministry requirements in the Toronto region. In this way, we hope to improve the ability for the public and ourselves to receive and give better service.

In supply and services, the past year has also been a most productive one. The ministry has been successful in the provision of a wide variety of centralized services and facilities which achieve efficiencies and economies in the supply and purchase of goods and services, as well as certain commonly used government support services.

As we move ahead, our efforts in these areas will focus on making our services more responsive to the needs of our client ministries and

agencies. At this stage, however, I would like to draw the following indicators of our strong performance in the field of supply and services to the attention of the committee:

Savings generated through the collective purchasing program will amount to \$8.5 million in the current year; new initiatives are under way to exploit further possibilities of scaling down the administration involved in purchasing and records management through increased application of advanced office methods and technology.

Access to government publications is being improved through the provision of a toll-free telephone inquiry service and the development of a decentralized ordering system and browsing collections based in the public libraries in all areas of the province.

All citizens in Ontario wishing to send letters to the Ontario government can now drop the letters off at any government office at no charge and the mail will be delivered through the intergovernmental mail.

To encourage improved access to government publications, all public libraries will soon enjoy depository status.

Work is well advanced which will expand the coverage of the Ontario telephone directory province wide, provide a cross-reference capability and improve publishing techniques.

The option for direct deposit of salary payments has been extended to all employees. With the last mail strike, I wish everyone had taken advantage of that, because it was difficult to get some of the cheques to our people.

2:30 p.m.

Mr. Chairman, as members are aware, the government has a policy of paying bills on time; in cases where this is not possible it pays interest on overdue accounts. I am pleased to report that my ministry has been successful in meeting the required time standards and, therefore, has not had to pay any significant interest charges. I know you will agree that this represents significant assistance to suppliers to the government during this period of economic restraints.

The past year has been most productive for our communications and computer services program. Our efforts have been successful in both the supply and promotion of computer processing services and the provision of local and intercity telephone services for government use.

For example, the three large government data-processing centres operated on a competitive, fully cost-recovered basis, and also increased

their services to client ministries by over 20 per cent with no increase in the pricing structure, despite mounting inflationary pressures. In fact, in the six previous years, there were price decreases. These pricing practices have allowed our client ministries to automate administrative systems in the face of increasing demands on their available resources.

The following are indicators of our ever-strengthening performance in the field of government support service activities:

The telephone directory blue pages now pull together services of all levels of government in a convenient, easy-to-use section. Simplified, plain-language listings of services and toll-free telephone access to major services of the provincial government have significantly improved the public's ability to obtain information directly from the appropriate ministry across all of Ontario.

Efforts have been made to improve access to government for those groups who have previously been disadvantaged, including the deaf, the blind, remote communities, native and francophone populations.

Equal access to MPPs has been guaranteed by providing citizens with a toll-free telephone service to their member's constituency office from everywhere in the riding. This has been good for us all.

A province-wide, toll-free telephone, general inquiry service, frequently called Zenith Ontario, has been placed in operation and is now listed in the 8.5 million public telephone directories found in homes and offices across the province. Complementing this is a province-wide, French language inquiry service.

The publication of the new government telephone directory in late November—you will be interested in this, Jack—will coincide with the introduction of a free calling service to and from all locations in northern Ontario for members and staff of the Ontario government. In this way, many of the disadvantages experienced by citizens in the north in conducting business with the government will be overcome.

The government telephone directory will contain additional changes aimed at making it more complete and easier to read. Copies will be more readily available both within the government and to the public who are interested. It is our hope that within a year it will be possible to expand the directory to include all government telephone users within the province.

As a member representing a rural riding

which is located some distance from Queen's Park, I have personally appreciated, as I know many of you have, the improved telephone service which has made it easier for my constituents to deal with the government. I have noted particularly a distinct improvement in the assistance being given in order to reach the correct person, usually on the first call. We look forward to further benefits as information services continue to improve.

Efforts are being directed to standardize the access to local emergency services such as fire, police and ambulance, by adopting the international emergency number 911. This number is being introduced throughout North America and is fast becoming the means by which citizens may reach any emergency service, or several at once, if necessary. It is easily memorized, saves precious time in moments of crisis, and avoids confusion by automatically tracing the origin of the call.

A computerized data base relating to the Ontario government services is being created to provide the necessary linkages within the government to enable the citizen to be referred directly to the appropriate person who can actually provide the information or assistance the citizen is seeking. A major project has been launched to develop a provincial data network to link regional operational systems of ministries across Ontario in an integrated, cost-efficient and service-oriented structure.

The ministry is advancing the government's activities in the development of the office of the future or the integrated electronic office.

Mr. Chairman, I realize that I have taken a little longer than usual with my opening remarks, as I mentioned earlier, to try to explain some of the responsibilities I have as Minister of Government Services. I hope it has helped the members to realize just what we in Government Services are responsible for, some of the changes we have made, and some we hope to make in the future. I look forward to answering any questions that the committee members may have about any of our areas of responsibility.

Mr. Chairman: Thank you, Mr. Minister. Before moving on to the discussion and debate, I would like to establish some ground rules. I am in the hands of the committee regarding how you wish to handle this.

We have four hours of debate, which would take us until after six o'clock. Is it the desire of the committee to carry on and move right through the session or would you rather break at a certain time? We would have to be sure that we would still have a quorum here for the votes.

Mr. Boudria: Maybe we could tentatively attempt to do it all today. If we wear out before that, then we could postpone it. My opinion at this time is, why not get the whole thing completed? Maybe towards the end some of us will change our minds, but I think we should try it.

Mr. Philip: Maybe the clerk can help us with this, but I think we only started five or six minutes late.

Mr. Chairman: Yes, we did.

Mr. Philip: Therefore, it would be terribly wasteful of the time of government public employees to bring them back for five or six minutes more of estimates, so I suggest that if we are not finished at six, we at least finish at 6:07 or 6:08, whatever the time is; and take the vote at that time and not have all these people come back another day. In my opinion, that would be grossly irresponsible on our part.

Mr. Chairman: Any further comments at all? We will shoot towards adjourning. I have to leave the chair for a few minutes so the vice-chairman is going to take over.

The Vice-Chairman: Do the opposition critics have any opening remarks? The Liberal Party is first.

2:40 p.m.

Mr. Boudria: I will make my remarks rather brief because I would like to keep as much time as possible to ask questions on the various programs and aspects of them. Nevertheless, I would just like to make a few initial remarks.

I was very surprised when I came here as a newly elected member, not at what this ministry did but rather at all the things I thought this ministry was doing but things which, in many cases, this ministry does not do. I tried to draw a parallel between this ministry and the federal Department of Supply and Services which seems to buy everything from a pencil to an army tank. There seem to be quite a few things that are not done by your ministry and that is a concern.

For instance, we see there was a move in the late 1960s towards central purchasing. As a matter of fact, it was a major theme of an election campaign at that time. I think I asked you a question on that in the House not long after the election. I am concerned that there still is not a great amount of central purchasing from your ministry today, unless I have been misled. I see, for instance, the purchasing of vehicles is apparently done by the Ministry of Transporta-

tion and Communications, ambulances are being bought by the Ministry of Health, jets are bought by Mr. Pope's department.

The Vice-Chairman: That is singular rather than plural, is it not?

Mr. Boudria: At the present time there is only one, but other planes have been bought in the past and I am just not sure which department bought them. Nevertheless, in drawing the parallel between the services offered here and the federal services, if you would permit me to say so I think there just about everything is bought by the department which has the mandate to supply the services to other government departments.

I have here a little brochure in front of me and it is called "Trying to sell to government." Strangely enough, this brochure was not prepared by the office which is supposed to do the buying for the government. It was produced by the Ministry of Industry and Tourism of the government of Ontario rather than the Ministry of Government Services. I am wondering why we do not see all of those things happening within your ministry rather than in other ministries which seem, for whatever reason, to have taken over part of the job which I think should be yours. On the general thrust that is a concern.

I look at the KWIC Index, the little telephone book. The name on the front of that is the Ministry of Culture and Recreation—unless it is produced jointly by both departments, but I think on the book it says Culture and Recreation. You can correct me if that is not the case.

A more specific thing I would like to ask is, was your ministry involved in any way, shape or form in the acquisition of Suncor by the government of Ontario, and could we have some comments on that?

I would also invite the minister to make some comments on the present status of Burwash. As we know, there were studies by Dillon and various government committees. What are the plans for the future of that facility and the area surrounding it? Perhaps you could comment on those types of things, Mr. Minister.

Again coming back to the procurement policy of your ministry, could you give us some explanation as to why the government has not moved more towards the area of central purchasing, which I think would be a correct move? It would be interesting to know why some of those things have not yet been done.

With regard to some of the services that you have described, the French language information access service you talked of, that would be

the service that is known in French as "c'est facile." Is that the one for which you use the 1-800 telephone number? Perhaps you could tell us why there was more advertisement done on the program in the months of February and March of this year as opposed to other months. Did there seem to be a greater need for French language services during the last two weeks of February and the first two weeks of March? Many people, as you know, have wondered about that.

A little bit more on the French language services: I understand the French language translation office is run by your ministry. If it is, I am just wondering if you could tell us if any attempt was ever made to move that office closer to the legislative building. I understand it is at the corner of Bloor and Yonge. I do not know how much it is used by other members but I use it all the time, myself.

Have you ever considered moving it to a building that would be directly accessible from the Legislature, for example the Macdonald block or one of those buildings? That may not seem a very important issue to some members but when you use it all the time in order to have access to your constituents it does become very important. I would draw a parallel to that of other members having a typewriter located at the corner of Bloor and Bay and see how convenient that would be for them. For me, it is almost as crucial as that to have it.

I am happy to hear your ministry is paying its bills on time, as you say in your opening statement. I am a little concerned—maybe this is not the appropriate time—that some other ministries do not seem to be doing that as quickly. We always see doctors complaining about the Ministry of Health—through OHIP—taking such a long time to pay them for their services and that is one of the big beefs people in the medical profession brought to some of the candidates during the election campaign. I do not know if you have anything to do with issuing the cheques for those ministries or if any part of your function has to do with them. If not, maybe you could offer your help to some of those other ministries to do a quicker job at paying their bills the way you do yours.

The telephone service you referred to for the constituents to telephone their members of the Legislature is a service that I think is great. However, I wonder why there is not a service that is accessible for the population to reach the various ministries in a more effective way.

For example, I represent a constituency

which is near the city of Ottawa. I have a direct line from Ottawa to Toronto, of course, but naturally my constituents cannot use that. That number is supposed to be secret and we are not supposed to let them have it and tell them how to use it. They would use up all the lines and we would not be able to use it.

Has consideration ever been given to having such numbers for the use of the general population? I think that may be something that would be useful. I know we have these Inwats telephone numbers for some services—to phone the Ministry of Industry and Tourism and a few others; the Ministry of Health has one too for certain aspects of its service—on the general principle of reaching government through a no-toll phone number.

Just one more comment, it is not a very major one but I would like to take just a moment to thank the people of your ministry who work in the protocol service and issue those plaques for the members of the Legislature. I think those items are very important for the constituents who are receiving them; they keep them with pride and are very happy to have them.

Constituents sometimes do not know they are available and realize only at the last minute. They phone their MPPs at the last minute and your staff always accommodates us; it is sometimes on 24 hours' notice and I still get them on time. I do not know how they do it. If I telephone them in the morning, the plaque will be at my place by the next afternoon, by Purolator. The way they do it is amazing, but they do a good job of it nevertheless. I thought, Mr. Minister, I would take just one moment and point that out to you so you could direct that to the people responsible for that particular service.

I will terminate my opening statement now. I have several questions that relate specifically to certain programs which I will not mention in my opening remarks. I will deal with them later.

2:50 p.m.

Mr. Philip: I think this is the first time in years that I have been sitting in at this committee, let alone on the estimates of this ministry. I must say that any time I have approached the minister with a problem, he has always been most co-operative. Indeed, of all the ministers he seems to get action. Maybe it is just the nature of the problems I bring to his ministry, as distinct perhaps from some of the more difficult problems I take to other ministers. I do want to thank him.

The most recent example, of course, was

when I pointed out to you that it was impossible for people in wheelchairs to enter the Legislature by the front door. After some coaxing in the Legislature and some dragging of feet by other ministers who were less co-operative than you were probably, finally we did get a ramp for people so they can enter the front door like anyone else, not just the back door.

In this year of the disabled I think that has a symbolic significance, as well as providing a convenience to those people. You did mention at the time that there would be probably some extra brick work done to make the ramp more aesthetically pleasing. It might be interesting to find out if, in fact, any further considerations were made.

Also I had a small wager with a certain member of the press that the Toronto Historical Board would not force you to take it down and he claimed there would be such outcries and such pressures about defacing the building that you would give in to those pressures. I would be interested to know if you have had any complaints, because I would like to pick up the little bit of money I wagered.

Mr. Boudria: That is illegal.

Mr. Philip: Is it illegal? I guess that gets both Colin Vaughan and me into trouble.

One of the things I would like to go into is to review, as I have done, the estimates of 1980-81, the suggestions made by both opposition parties and ask you to deal with them in some length as to what exactly has been done about those. Better still, I have also gone through the 1978-79 estimates and since they are a little shorter, I will deal with those, and maybe you can give us an update.

In 1978-79 there was the status of the government-owned block of land east of Bay Street and south of Wellesley. I want to go into that in some greater detail; perhaps we can deal with that later.

That the responsibility of management of the Legislative Building should be transferred entirely from the Ministry of Government Services and become the sole responsibility of the Speaker was also an issue that was raised during those estimates; and in turn, that the Speaker should contract with MGS for the operation and maintenance of the building.

You may recall that was a proposal based upon the 1977 report of the select committee on the Legislature, chaired by former Speaker Morrow. That was one of the issues and it might be interesting to have an update on what has happened and your views. I am sure my

colleague here would probably have some questions because he is more knowledgeable in that field than I am.

All companies in receipt of government funds through the award of government supply contracts should establish affirmative action plans for hiring and promoting women. That was also one of the proposals.

In the 1980-81 estimates, the opposition and other members made a number of proposals. They pointed out some ministries, such as Agriculture and Food and Natural Resources, which are located in the heart of downtown Toronto, are completely removed from the resources over which they have a mandate from the citizens whom they serve.

The Ministry of Agriculture and Food, for example, could be located in proximity to some green space or agricultural land. And furthermore, some of the Ministry of Natural Resources staff who deal with the day-to-day operations should be located in North Bay.

A proposal was also made that a long-range location and possible decentralization plan for Government Services should be considered. Due to the rapid growth of Government Services, government offices in Metropolitan Toronto have expanded in an unplanned fashion, it was pointed out, and decentralization outside downtown Toronto should be considered. It would be interesting to find out what progress has been made on any decentralization.

Accommodation for MPPs was also a topic under debate. It was pointed out that the Legislative Building is not ideal. Consideration should be given to expansion east of Bay Street and if demographic results of the 1981 census lead to an increase in the Ontario Legislature, expansion of the Legislative Building, and in particular the north wing extension should be given active consideration. I believe that was proposed by both the NDP and the Liberal Party. It would be interesting to note if you have done any studies or if there is any progress in that direction.

It was also pointed out that some cities such as Hamilton or Ottawa face a serious shortage of courtroom space. I know that is something being considered actively by you and by the Attorney General (Mr. McMurtry). It was pointed out that active consideration should also be given to using historical buildings for courtroom space or other government purposes.

It was also proposed that active consideration should be given to the establishment of a

separate residence outside the Legislative Building for the Lieutenant Governor. It was proposed also that the Ministry of Government Services should develop a preferential procurement policy with respect to Canadian-owned and Ontario-based small businesses, and it is my understanding that you are moving on that.

It was proposed that all the space within the Legislative Building should come under the jurisdiction of the Speaker and not be split between MGS and the Speaker; and, furthermore, all MPPs should have the same treatment with respect to hearing debates and the division bells in their offices.

There are a number of other topics that I would certainly like to deal with. In particular, I would like to go into in some depth the provincial auditor's review of the Ministry of Government Services concerning central collection services, and I hope the ministry will be prepared to give us a progress report following some of the comments that were made before the public accounts committee on June 18.

I would also be interested, Mr. Minister, in the light of other inquiries that have taken place before the justice committee, in a clear statement on conflict of interest. I do not want to bring up an ugly situation and make it personal, but there were newspaper reports recently concerning the hiring of Karen Wiseman Wilkes as a receptionist outside your office on a one-year contract.

I do not want to prolong the questions on that particular point. However, it would be useful to have a statement from you as to not only the specific case, namely, was the job publicly advertised. It was not clear in the newspaper report I read.

More particularly, what is your policy on conflict of interest, not only for ministers, but more particularly, as we found out in the justice committee inquiries into Re-Mor, into the conduct of ex-ministers and their dealings with the government? That is a topic I am particularly interested in. It is a matter that appeared in the inquiry into the operations of the Ontario Highway Transport Board. It came up again in the inquiry into Astra/Re-Mor where an ex-minister was, in fact, acting openly on a one-to-one basis as the solicitor for an applicant before the mortgage brokers' licensing tribunal.

As you know, there are stringent conflict of interest rules in the United States concerning such bodies as the Interstate Commerce Commission, and we would be interested in hearing

your views. Is it necessary to increase the conflict of interest rules and guidelines? Where would you draw the line? Would you extend it to civil servants? Would you extend it to ministers and ex-ministers. For what period? For only those dealing openly with the ministry they have been in charge of? Exactly what kind of policy do you see forthcoming, or what changes, if any, are contemplated?

3 p.m.

I would also like to ask if your ministry has had an opportunity to look at the testimony of the justice committee's inquiry into Ontario Housing Corporation. There were a number of things there which should concern you, such as the sale of certain OHC properties. Only Ontario, or maybe only a government, could buy a building in the Metropolitan Toronto area and sell it for less money 17 years later than the price it had paid for it.

That was the Bergamont project. It was considered uneconomical. The people were lied to, and in order to get them to move, were promised they would be moved back into Utopia and then told it was uneconomical. The building was sold and a private developer is charging \$500 a month rent for that uneconomical building and making piles of money on it, I can assure you.

Hon. Mr. Wiseman: Mr. Chairman, in that area we have no responsibility. In other words, it is not really in our area to sell those homes—

Mr. Philip: You would have had the responsibility for the sale, would you not?

Hon. Mr. Wiseman: —and this question should be more properly asked of the Minister of Housing and Municipal Affairs (Mr. Bennett).

Mr. Philip: Okay. You talked about your role as a facilitator for other ministries. What is your ministry doing in assisting other ministries to develop tender guidelines, if you like, or rules for the letting out of contracts?

I have had some recent examples which are unprofessional. I could use the word "incompetent," but I would rather use the word "unprofessional," oversights, if you like, that certain businessmen have brought to my attention that put them at an unfair advantage. It is fairly clear from my inquiries that there was certainly no suggestion of corruption or favouritism; it was simply bumbling, if you like, on the part of the particular ministry involved. I would be interested in hearing what you are doing in a

professional development capacity to assist ministries so these kinds of mistakes do not happen.

You mentioned management by results. I would like to hear more about exactly what it is that you are doing within your ministry and the training of managers for management by results.

I also found it interesting, in one of the news clippings, that you spoke about a two-and-a-half-hour training seminar in the use of a telephone by public employees. Every once in a while, I get telephone calls from constituents claiming they have been abused in some way by a public employee, that they have hung up on them, or that they refused to identify themselves. I must say, in many cases it is often a federal employee of whom they are complaining, and not just provincial.

But I would be interested to know how that program is progressing, what evaluation, if any, has been done on it, and has there been any comparison of the number of complaints received after the program as compared to before the program, or any other evaluation that may have been done.

You may recall, Mr. Minister, that one of the issues I raised in the Legislature recently was on provincial savings offices. I would like to know what is the use of government buildings by these offices—I have a list of the locations and so forth; are they paying equal-market rent?—and any figures you may have on that.

Hon. Mr. Wiseman: Which group are we referring to?

Mr. Philip: Provincial savings offices.

Hon. Mr. Wiseman: Oh. All right.

Mr. Philip: In the past there has been some complaints about the government using unlicensed carriers. I am sorry that the former chairman is not in his seat. He would appreciate this one, having been active in the transport business.

I would like some assurance that you have at least issued guidelines that gipsy carriers are not provided with contracts since they are not licensed under the Ontario Highway Transport Board and since it is an offence for unlicensed carriers to take freight. Certainly the provincial government should not be assisting the gipsy operators in flagrantly violating the law, as they very frequently have done.

I would like to go through your comments to point out those areas which I found most interesting and to ask if you would like to expand on certain topics for us.

On page five, you make the comment that you would like to describe a new mandate and a new management perspective for the Ministry of Government Services which "will see emphasis placed on leadership versus ownership and on co-ordination versus control." That sounds a little sloganistic, something similar to the privatization slogans of Darcy McKeough of a few years ago.

Mr. Boudria: Joe Clark used it too.

Mr. Philip: Yes. Joe Clark used it also. He almost sold an important airplane manufacturing company close to my riding.

I recall that a confidential study of the Ministry of Government Services in September 1976 found building was cheaper than renting at that time and predicted that building costs would continue to rise more slowly than leasing costs until at least 1980-81. At that time, the accusation was made that through the influence of McKeough the government was wasting money by renting rather than buying.

I would like to know what market analysis, if any, you may have done on office space, whether you have specific guidelines or an economic policy, if you want, on when you buy and when you rent and what are your projections in this regard. It is something one would hope would be run through pragmatism rather than a philosophical point of view which, in some cases, under Mr. McKeough may have had more importance than economic pragmatism. In the interests of the taxpayers, it would be interesting to know specifically how you do decide and what kind of market analysis have you done.

In the area of Toronto, for example, I am informed by real estate friends of mine that there is a lot of money coming from Hong Kong, and so forth, that is forcing up the cost of office space as well as residential property, particularly in certain parts of the city. Has the ministry any information on the effects of the trend and what effect that will have on the cost on rental accommodation?

You also say on page seven that public notice will be given of the government's intention to make government information more readily available. You develop this whole idea of communications. I wonder if you can tell us your position on the use of communications as a planning tool and the connection between that and economic planning.

3:10 p.m.

I recall, several years ago, when I was asked to go out for a few days with the Schreyer government, that that was of prime interest to the province's Deputy Minister of Industry. He was convinced, in terms of meeting government economic needs, that communication was more important than perhaps more traditional roads and other methods, that what we are really starting to move is software. It would be interesting to know your views on that and how you see it.

Is communication simply the responding to a need out there, or is it the use by the government to create, to innovate, to plan, if you want, the economy in some way?

Also, I would like to know your views on the fine line between provision of information and propaganda—it was hinted at earlier by Mr. Boudria, but I tend to be a little more direct sometimes. The comment has been made by certain newspapers that certainly the federal ministry under one Jim Fleming has, in many ways, been used as a propaganda tool rather than an information tool of the federal government. It is an accusation that has some validity.

I would like to know how you see your ministry on that philosophical issue, and very important issue, and what connections, if any, you may have had with the federal Department of—is it Communications that Fleming is over?

Mr. Boudria: Multiculturalism.

Mr. Philip: Multiculturalism and Communications. No, I think he lost Multiculturalism.

On page eight you mention the use of outside consultants. I would be interested to know who they are, what they are consulting about, et cetera. You have used the jargon word, on page nine, "fastrack." I am not familiar with that. Perhaps you can help us. There are a few other very specific things, but I will get to them as we go through on the appropriate vote.

The number of improvements already made in the Legislative Building—I can tell you that the north wing is still a pretty messy place. The carpets are the worst I have ever seen. I have been in the rec rooms of some of my poorest constituents who have better carpeting than that.

Only yesterday, Mr. Foulds' legislative assistant tripped in the hallway and I heard her go spinning. I looked and the carpet had come up again. We have got more red tape on our carpets than we have in our government. I would be interested to know when the carpets are going to be replaced, or at least when you are going to improve that north wing, so we do not have a whole bunch of workmen's compensation cases.

I have some other things on expropriation of property, and also I want to go into the auditor's report under the appropriate vote. But I would like to simply give those as issues which we can deal with in detail.

I wonder, since with some hesitancy I did tread a little bit on your toes in mentioning your daughter and because I happen to like you personally as a minister, if maybe we can get that one out of the way and then we can deal with more friendly issues in the rest of the estimates. I only know what I read in the newspapers. It may not be the correct story but, in fairness, I felt I had to bring it up to you and that you might want to answer it. It might give you an opportunity to deal with the issue.

The Vice-Chairman: Thank you, Mr. Philip. Before we turn to the minister, if there are any questions from the other members, we will deal with those, with your agreement, after the minister has had an opportunity to respond to both the Liberal and NDP critics. Mr. Minister.

Hon. Mr. Wiseman: Perhaps if I went to Mr. Philip's first and tried to work backwards, if you will agree to that.

The carpeting in your offices: the work comes under the Speaker—Jack will back me up on that—and we would have to get a direction from the Speaker if that carpet is in poor shape, and we would be glad to look into it at that time.

I think this was mentioned last year. Some of the areas that were mentioned—am I right on that?—were under the direction of the Speaker and usually the Speaker advises us that these repairs should be made. If I am wrong on that, folks, correct me, but I am quite sure that is the case.

Mr. Stokes: It is usually done through Alex Cameron, and responded to very well in most instances.

Hon. Mr. Wiseman: The consultants for the study you mentioned are Currie Coopers and Lybrand. We are trying to find out from our ministries if they are satisfied with the service we are providing; if not, where in their opinion we can improve, and then hopefully we shall make those improvements right away.

Mr. Philip: Would it be possible, later on, to have someone who is doing the study come forward and give us the details of the questions, what they are finding out so far?

Hon. Mr. Wiseman: You would have that opportunity say, early in the new year, after we

have had a chance to analyse it, to ask us if we received it and what we intend to do, what changes we hope to—

Mr. Philip: Can we at least have a copy of the study now?

Hon. Mr. Wiseman: I see no reason why you should not. We shall be glad to make that available when—

Mr. Philip: And an explanation of the questions that are being asked, the format being used, and so forth.

Hon. Mr. Wiseman: You want the report that comes back to us, or the questionnaire?

Mr. Philip: I want the questionnaire, the thinking behind the questionnaire, and some of the rationale.

Hon. Mr. Wiseman: Okay; the terms of reference for the committee?

Mr. Philip: The methodology being used, and so forth.

Hon. Mr. Wiseman: Okay. The office space in the downtown core, you mentioned that, and it will be a problem for us, I believe, in the future. We are finding the increases we are faced with in renewing leases are quite high, but I think the landlords are taking into consideration the possible increases—not possible, I guess they will be increases—over the next few years until 1984, when gas and oil will take quite a jump, and they are building that into their new leases. They are mostly five-year leases and they will be caught up in that before the leases are over, even though we have escalation in there every year for such things as increased oil costs and insurance, taxes, things like that.

It seems to be going up at a faster rate in Toronto. Part of that is, I think, the direction city hall started in a few years ago—they seemed to discourage a lot of office space being built in the downtown core. We are finding, as you heard from my report and if my memory serves me correctly, something like a 1.25 per cent vacancy rate in the downtown core.

It is the same old thing, supply and demand. If there is not enough space to go around, not just for ourselves but other companies that are looking for it, we are going to have to pay a higher rate. So that enters into it as well.

I shall go to the top of yours remarks now because that is the top of my page, the ramp. I think you discussed it with me, but I do not think I gave a commitment that we would put that in. At the present time, we are working on stone,

but we do not have any extra stone, and when we get it the first priority, and I think—correct me if I am wrong on that, George, the—

3:20 p.m.

Mr. Stokes: That is for the fifth, sixth and seventh floor of the north wing?

Hon. Mr. Wiseman: We have to have stone in this main building in order to keep it in the state of repair it should be in; but we are trying to get this, and I believe it is coming from New Brunswick. We hope the stone will be in shortly.

As far as the ramp is concerned, I did ask our staff if it was possible to take it down in sections and put it away for the winter, because it is not really built to withstand too many winters. But it does not look as if that could be done very satisfactorily and keep it strong another year because it is a plywood structure, and you all know, as amateur carpenters, that will not stand up too long.

Mr. Stokes: They have got plastic construction now, with metal fasteners, that is much stronger than anything that has ever been tried before. You might want to use that technology.

Hon. Mr. Wiseman: We shall look into that.

I should say, though, it was well used. Alex gave me a report on that, after the holiday weekend we erected it for, and I might say an awful lot of ladies with baby carriages and so on used it.

Mr. Philip: Just to win my bet, the Toronto Historical Board has not put pressure on you to remove it?

Hon. Mr. Wiseman: No, I see George shaking his head. To the best of my knowledge I have never been approached, and George would have been—

Mr. Philip: I am sorry I did not take a larger bet.

Hon. Mr. Wiseman: East of Bay; you mentioned that. We presented to the committee—and forgive me, I have forgotten the name of it now, right off—

Mr. Stokes: The Board of Internal Economy.

Hon. Mr. Wiseman: We made a presentation to the Board of Internal Economy, but also to the members' services committee, showing our proposal. We keep updating the proposal, so we do not have to take the north wing right down at the time, but can put it in in stages—it is like a three-phase thing—and fix it up for the members without having to move them, as we talked of that time, over to the Whitney block; and

then eventually co-ordinate some of our ministry's functions that are a distance away from the downtown core of our buildings here.

So we are looking into that. We have had—I had better get this word right now—the chap who has been putting that together for us is—

Mr. A. Gordon: A planning consultant.

Hon. Mr. Wiseman: A planning consultant, and we have had some preliminary discussions with the city about a possible plan for east of Bay. We have had different players since even that plan came in, who want to take part in anything we do east of Bay.

Mr. Philip: May I ask you a couple of questions, because I find, in the reading—or do you want to complete your reply?

Hon. Mr. Wiseman: It is up to the chairman. We have quite a few questions.

Mr. Chairman: Why not go through the questions, and then we can come back, if that is okay?

Mr. Philip: Okay, I can come back to it, because you have not answered some of my questions.

Hon. Mr. Wiseman: Well, I am not finished yet.

Mr. Philip: One should answer in enough detail, is what I am saying.

Hon. Mr. Wiseman: You mentioned court facilities, or rather you mentioned the relocation of ministry offices outside of Queen's Park. I should say that the Oshawa project is going ahead on time, and the Kingston project is going ahead on time as well. With those, as you know, we are moving a full ministry to Oshawa, the Ministry of Revenue; and we are moving portions of two or three ministries to Kingston. So we are getting more employees out into the community.

You mentioned finding accommodation for the Lieutenant Governor outside of this building. This had been looked at for quite a while before I came to the Ministry of Government Services. We have looked at two or three buildings but we have not at this point in time decided on one, or had very much discussion, since I have been the minister, about anything in a positive way of a move.

Mr. Philip: In other provinces it seems that it is useful to have a residence where the government can entertain visiting dignitaries and parliamentarians from outside.

Hon. Mr. Wiseman: In a couple I have visited they have had an office for the Lieutenant

Governor, a receptionist and an office, and his residence was some place other than the legislative building. We have looked at that and we are continuing to investigate that.

The contract and the tenders you mentioned; I am only familiar with the ones we do within our ministry. They are opened at our tendering office and recorded as to whatever the tender might be. I am going through it in a hurry, but we reserve the right to look at these and usually take a month or so to make sure that everyone has tendered fully on everything. Then, all things being equal, the person with the lowest tender would get it.

This is a direction we must follow, and I think all ministries must. How to tender and the tendering process is laid down by management board.

I am told that Purolator is one of our carriers. I have had my deputy have the staff of any carrier we use checked out to be sure they are a recognized carrier.

Leasing versus lease-purchase; you asked what was the best. Of course, owning our own building is number one. Lease-purchase used to be number two but we have got away from lease-purchase for the time being because with interest rates fluctuating all over the map, I do not think it is fair, in my opinion, either for government or for the person we are asking to put up a lease-purchase building.

He or she has either to put in a really high price to protect him or her, or we get a ridiculously low price and then interest rates go up and the person either goes broke or wishes he had never seen the contract. At the present time, until interest rates stabilize, I would not recommend to management board or the cabinet that we go to lease-purchase. So anything we do in the foreseeable future would be with our own capital or an outright lease.

I am sorry, you said you were really asking me if we are flexible, and we are. We are trying to address that problem of high interest rates and not get anyone to bid low to get the job and find himself in a financial bind, and at the same time protect ourselves from paying too much.

You asked about courts in Hamilton and Ottawa. I would have to have Bill Gray bring us up to date on that. The Ottawa one is coming along quite nicely. It is a large building and we hope to have the preliminary drawings before Christmas to show to the city and the other interested parties there, and also we will have

working drawings a year from now, so it is moving along. Do you want me to get this for later?

3:30 p.m.

Mr. Philip: Just get it for later. That will be easier.

Hon. Mr. Wiseman: All right. One very close to my heart was when the chap at the table here came over to speak to me about my daughter working in my office. I said to him, and I will say to everyone, she was under contract; she was not paid anything more than any other junior in my office. She did a good job—in fact more than the girl who was previously on the desk.

There are no rules or regulations. I am sure the reporter down here who reported it found out from management board and others there are no rules against it. There are many cases where husbands and wives are working, not in the same branch but for the government.

As I say, my employees are all contract employees; they are working for me. She was given nothing that any of the others did not get. She could do the job and I felt, and I still feel, that she should not be a second-rate citizen because her old man happens to be a member of Parliament or the Minister of Government Services.

Mr. Philip: Was it a publicly-advertised position?

Hon. Mr. Wiseman: No, I do not advertise our jobs; I never have, any of them. They are contract; they have to work for me. If I go, jobs go a little differently, I think, than one who is a civil servant.

Mr. Philip: Had she been hired by a personnel manager or by you directly?

Hon. Mr. Wiseman: She went through all the regulations with the personnel manager, but she was hired by myself.

Mr. Philip: I guess the only irony in it is that I, as an MPP, even though I might decide to make my wife or daughter—if I had a daughter of age—riding office manager, I would not be permitted to hire her, would I, under our regulations?

Hon. Mr. Wiseman: No, but there were no regulations that I could find at that particular time that said I had broken any conflict of interest rules or anything like that. If those rules are to be changed in the future, I am sure we would all abide by them. But we all know in our

constituency offices that those rules are in place and have been ever since we were granted constituency secretaries.

Mr. Stokes: Would you do it again?

Hon. Mr. Wiseman: I would do it again.

Mr. Stokes: You would?

Hon. Mr. Wiseman: Yes. She did a really good job for me. I do not know how the rest of you members feel but in my opinion, often our families are discriminated against because the father or mother, whatever, happens to be a member of Parliament.

Mr. Stokes: I do not disagree.

Hon. Mr. Wiseman: If the kids can do the job, they should have every opportunity to compete and to get the job.

Mr. Stokes: How would you react in a situation where your daughter had made application for a job on a contract basis and you get a call, in this case from the Ministry of Natural Resources saying: "We have advertised this position and we are down to two candidates, this other young lady and your daughter. We knew that you would be very sensitive about this?"

I said, "I was not aware that my daughter had made application for the job."

He said, "We think your daughter is best qualified, but we will leave it up to you as to whether or not we should give her the job."

I said, "No, do not give it her." I have a daughter who did not speak to me for two weeks once she found out what went on, but I think it was the right course under the circumstances. I was just wondering if you would do it again.

Hon. Mr. Wiseman: I think everyone has to live with their conscience, but I have no doubt that my daughter did a good job and earned her money.

Mr. Stokes: That is not the question. It is the public perception that counts.

Hon. Mr. Wiseman: Maybe, but—

Mr. Philip: Do you not think, Doug, that it would have been better if she had made application for a position that was less directly connected with your ministry? There are a number of opportunities open within the government which would not directly involve her in the immediate proximity to—

Hon. Mr. Wiseman: Everyone may have his own opinion on that. I am only telling you what I would do. As I said, until the regulations are changed—I doubt if I would ever get that opportunity, she has moved home to the riding—if

Mr. Boudria: When you do take that review, if you would consider that it may be handier if it were closer for members of the Legislature, some of us would appreciate your giving that some consideration.

Hon. Mr. Wiseman: You mentioned the payment to doctors. Where we get involved in that is we pay the bills for the ministries. Two to three days after we receive the authorization to go ahead and pay whatever amount it might be, we get it out. We are really working under the direction of the Ministry of Health.

I do know from personal experience that most of them get paid twice a month now. So much, based on their billings, is sent out, then the balance is made up at the end of the month so they are not waiting a whole month. We just process the cheques.

Mr. Boudria: You do not think there is any validity to their claim that it takes them six months or four months to be paid?

Hon. Mr. Wiseman: Not after it comes to us.

Mr. Boudria: I understand that. But I think you were saying that they bill twice a month; they still may be six months behind.

Hon. Mr. Wiseman: I know from some people who I associate with in the riding they are quite a bit happier because they do deposit a cheque in their account, based on their billings, and then they finalize it towards the end of the month when we pay the balance. So they are not waiting a whole month for their money.

Just to bring you up to date briefly on what has happened on Burwash: As you know, the labourers' union is quite anxious to go in there and use some of the homes and most of the larger buildings. We are working along with them. I think it would be a good thing for the area if they take it over for a retraining of employees who have been out of work to get back into the work field again.

Mr. Boudria: We all recognize that the minister is, of course, not responsible for the fact that he had the facility, which has not been of much use. It was more or less given to you, "Here, take care of it." Of course, it did not come from you originally.

I guess your mandate is to find some proper use for it, so my reason for questioning is not to blame your ministry for the fact you have it, but rather to ask how you are coping with the fact you do have it and how you are trying to make use of or dispose of it.

Hon. Mr. Wiseman: We have reduced the dependency on heat and one thing and another

in some of the buildings. We have sold some of those the labourers' union felt they would not need. We did leave a few extra in case it builds over the next few years. But at the present time, we are waiting and I am hopeful they will take it on, because I think it will be a great boost to the community and to all those who are unemployed and want to be retrained in another field.

I will get the deputy to answer on the second question you asked, which was the KWIC Index, that is now in Government Services.

Mr. A. Gordon: It too is part of that consolidation. The KWIC Index is the key word index to Ontario government services. If the members are not familiar with it, it is the yellow book. We hope this will become a companion piece to the phone book so you have both who does it and what it is.

That is now part of our ministry's responsibility, and we are looking towards not only improving it as we go but also reaching the stage where it can become available in machine-readable form so people on terminals and so on might eventually be able to have free access to it. That is part of our desire to improve base information and make it easier for people to find out about things.

Mr. Boudria: So then, Mr. Chairman, could we say that Government Services has been acquiring those things which we think they should have had all along? You are in the process of getting them now? We hear that you are getting the translation office and you are getting the KWIC Index. Is that what is going on now, you are acquiring some of these things?

Hon. Mr. Wiseman: As I mentioned in here, we are trying to co-ordinate and consolidate the information that is out there, and we were given the responsibility for many of those you mentioned, effective October 1. I hope you will see an improvement when we get them all together and are able to—

Mr. Boudria: It is not that there is anything wrong with the KWIC Index or with some of those things. It is just the fact that they were scattered throughout government departments which I fail to see had anything to do with them. As far as I was concerned they should have always been Government Services matters.

Hon. Mr. Wiseman: We were ahead of you and consolidated these. I hope next year we will be able to report on this and you will find that we have been able to improve on it.

The purchases you mentioned: I know that

was one of the first questions you asked me in the House, and I think it went back to 1967 or 1968 before I even came—

Mr. Boudria: That is the Charles MacNaughton speech.

Hon. Mr. Wiseman: My anniversary is today, 10 years today. I am one of those of the class of 1971. Things have changed a lot since that statement. For instance, we used to do most of the printing within Government Services. Now, if you remember last year we phased part of that out, because with the copying machines and everything you have in your offices and different technology, we are getting into a different field.

You mentioned the federal government. They really have two ministries covering the responsibility we have. I know you mentioned ambulance services. The Ministry of Health still purchases those. We do all the conversion at the present time on the inside of them.

You mentioned Transportation and Communications and the purchase of automobiles for government use. We have to have a directive, whether they should be with us or where they are at the present time. We would have to be directed along that line. But we did make a saving of \$8.5 million on the purchases we did jointly, as you noticed in my statement, and I hope that will improve.

Ms. Copps: You did mention it and I wonder if you could elaborate on who was responsible for the purchase of the jet. Do you have any influence with them?

Hon. Mr. Wiseman: No, our aircraft come under Natural Resources. I think it was Mr. Philip who mentioned in his—

Ms. Copps: It was Mr. Boudria.

Hon. Mr. Wiseman: Was it Mr. Boudria? I am sorry. It does come under Mr. Pope in Natural Resources.

Ms. Copps: As the minister in charge of Government Services, do you not have some say in the way that money is administered or budgeted for government members' use? For example, I understand the rationale behind the purchase of the jet was to allow the Premier and his cabinet ministers to go from point A to point B in Ontario.

Hon. Mr. Wiseman: I do not know whether Mr. Pope has had his estimates yet but I think that would be a good time to ask him some of those questions. I have not been a party to—

Ms. Copps: Is your mandate not the servicing of members, as well as cabinet people?

Hon. Mr. Wiseman: In the areas of responsibility we have been given, but that is not one we have been given under transportation.

Ms. Copps: I understand that is the rationale, but I wonder whether, as the Minister of Government Services responsible for members' services, you might have had some opinion. You have no opinion whatsoever on the issue of the jet?

3:50 p.m.

Hon. Mr. Wiseman: Everyone has an opinion, but I am only one of 26. It is a cabinet decision.

Ms. Copps: I mean, you are supposed to be responsible for tightening belts within members' services, so do you not have any comment whatsoever?

Mr. Chairman: I think airplanes fall under Natural Resources, they do not fall under—

Ms. Copps: I am quite aware of where the airplanes fall, believe me. I am quite aware of the domain of airplanes, but I am asking whether the Minister of Government Services might have seen fit, in his wisdom and in his effort to belt-tighten where members' services are concerned, to pass along his opinion prior to the decision of the Minister of Natural Resources to purchase the jet.

Hon. Mr. Wiseman: You know cabinet works a lot like caucuses. You say what you have to say in cabinet and that is it. I am sure I would not ask you how you spoke out on certain items in your caucus. That is your business and the caucus's business, and I would hope that you would grant me the same courtesy when it comes to what happens in cabinet.

Mr. Philip: But you must admit that you would have had an extra \$3 million for other government services if you had bought a STOL, which is made in the lovely riding of Downsview and that supplies jobs to the people in Etobicoke, rather than buy a jet that cannot even land at the majority of airports in Ontario.

Mr. Boudria: But are you saying you did not buy it?

Hon. Mr. Wiseman: I do not want to get into some areas—we only have four hours—where it is not really our responsibility, but that, Mr. Philip, I will object to. It can land at most of our airports, I have been assured of that.

Mr. Philip: Back benchers are going around making statements behind your back that it cannot—

Ms. Copps: The reason I raised the issue is because one of the things you are very quick in

pointing out in this report is the fact that you have been responsible for an \$8.5 million saving in terms of government services. If you cannot see the whole thing in a global perspective, then it is useless.

Hon. Mr. Wiseman: We will continue to as long as I am the minister and I am sure my staff agrees with efficiencies where we have responsibility for carrying them out.

Ms. Copps: You can be efficient so your counterpart in Natural Resources can go out and blow it on a \$10 million jet. I mean you have to consider the thing in context. It is a number of ministries acting in concert.

Mr. Brandt: The Liberal Party, with their fleet of jets at the federal level, are experts on this subject, I want you to know. So when it comes to cost savings you should listen very carefully to what the members of the Liberal Party say.

Mr. Boudria: Is that not out of order, Mr. Chairman?

Ms. Copps: If I recall, most of the jets within the purview of the federal Liberal government are within the Ministry of National Defence and it would certainly not be our Conservative counterparts who would suggest that we cut down on our defence budget.

Mr. Brandt: Twist and turn time.

Hon. Mr. Wiseman: Mr. Chairman, could I just thank Mr. Boudria for mentioning the scrolls and how pleased you were with them? That is the section that, from time to time, gets a little flak. A member gets in a request quite late for us, but we do try and I know that the staff down there try to do their best to get them out on time.

Mr. Boudria: Does that mean my colleagues may give me hell tomorrow for saying—

Hon. Mr. Wiseman: No, I was pleased and I am sure they will be when they read Hansard, that you had those comments, and perhaps you will even get better service after making a nice comment like that.

Mr. Philip: We still get scrolls though, that do not have the name of the person who ordered the scroll on the sheet.

Mr. Stokes: Mr. Chairman, can we get on with an orderly scrutinizing of these estimates? We have given about two hours to the leadoff. Can we get into the meat of the subject?

Mr. Chairman: Okay, we have answered all of the questions from the two—

Mr. Boudria: There was one of them which was not, if I just may ask it. It is in reference to this booklet entitled, "Trying to Sell to Government." Rather than being published by your ministry—which is doing the buying for the government, so of course, they do the selling to you—this publication seems to be provided by another ministry that seems to be grabbing away at some of the things your ministry should be doing—that being, of course, the Ministry of Industry and Tourism. Can you respond to that?

Hon. Mr. Wiseman: Maybe I would ask John Kelly if he could answer that.

Mr. Chairman: Could you come up to the table please, Mr. Kelly?

Mr. Kelly: I will try to give you an answer. The Ministry of Industry and Tourism's interest in publishing this booklet is vis-à-vis its interest in industrial development and so forth. Our particular interest is in getting purchasing done effectively within the government. So it is in that context that they published this particular booklet.

Mr. Boudria: Just one last one for that and then we can go on to what you suggested, Mr. Chairman.

Of course the Ministry of Industry and Tourism is interested in promoting industry. I do not think anyone questions that. But if you are the people who are looking to buy things—maybe the Ministry of Industry and Tourism could suggest them—why do you not publish a little booklet to tell everyone how they can sell to the government? Nevertheless, if you are doing the buying, I still think your ministry, rather than all kinds of other ministries, should be doing these kinds of things.

Maybe I am saying this to the wrong minister. Maybe I should go around to one of the other ministers and ask them at their estimates: "Why do you not let the other guy do the buying? That is what he is there for." I know you are in a difficult position having to justify to us what other ministers are doing, rather than what you yourself are supposed to be doing, sir. But nevertheless, it is a concern.

Hon. Mr. Wiseman: I appreciate what you are saying.

Mr. Chairman: I was going to ask if there are any other questions; I am sure there might be one or two.

Mr. Stokes: Should we not call the first vote? That is the normal process.

Mr. Chairman: All right. We will move to the votes then.

Ms. Copps: Before you move to the votes, I was under the impression that there would be one representative from each party, but if the other representatives had questions they wanted to ask, they could do so. I do not know whether that is appropriate or not. I had just a few questions also regarding the opening statement.

Mr. Stokes: It was my understanding that if the minister made an opening statement there would be some kind of a response from the critics, and once those questions were answered, then you systematically went through the various votes.

Ms. Copps: Okay, I just was not sure.

Mr. Chairman: We just wanted to allow a bit of flexibility on that first vote and then go into different areas. I suppose we can allow some further short discussion on the opening statement if there are some supplementary questions.

Mr. Stokes: With the greatest of respect, you chaired a meeting here this morning where we had the auditor and that very question arose as to whether or not, in the opinion of the provincial auditor, the best use of estimates was made in scrutinizing the amount of dollars the ministry is asking for. If you are going to allow a wide-ranging debate on the opening statement of the ministry by all members of this committee, let us forget about the exercise of going through these votes in a systematic way.

Mr. Chairman: Ms. Copps, are your questions referring—

Ms. Copps: No. I am prepared to abide by the wishes of the majority. I just was not sure. That is fine with me if you want to go vote by vote.

Mr. Chairman: You are prepared to adjourn any debate on any particular question.

Ms. Copps: Sure.

On vote 501, ministry administration program:

Mr. Chairman: All right. We will then deal with the first item, which is the main office; vote 501, item 1. Agreed?

Mr. Stokes: Is this the prerogative of the critic of the official opposition to ask the first question?

Mr. Boudria: Mr. Chairman, I just have a note here. I am looking at the increase which seems to be of the order of some 30 per cent over last year, as a total, for vote 501. I am just wondering if the minister could tell us why there is such a large increase in one year.

Hon. Mr. Wiseman: There has been a transfer of two areas into this vote. I will let my deputy, or Joe Silver, answer that part.

4 p.m.

Mr. Silver: The two main elements influencing this particular increase in expenditure were the transfer of the women's affirmative action section to main office and the management development program to this particular activity. That accounts for about \$200,000. That, together with the revisions to salaries and wages, largely accounts for the increase in this particular activity.

Mr. Boudria: Do we deal with all of vote 501 at once, Mr. Chairman, or do we do it by item?

Mr. Chairman: I prefer to do all of 501 at one time.

Mr. Boudria: Okay. With regard to items 7, 8 and 10, perhaps you could comment on all three of them. I will just have one question that way. Again, there are very substantial increases in those three, especially item 10, ministers without portfolio.

Hon. Mr. Wiseman: I will let Mr. Silver answer that again.

Mr. Silver: Which one are you particularly interested in?

Mr. Boudria: Items 7, 8 and 10.

Mr. Silver: In item 7, there was a change between 1980-81 and 1981-82 because there was a chargeback to another activity of about \$50,000 in 1980-81. This chargeback was deleted in 1981-82. That accounts for \$50,000 of the increase. The balance of the increase is largely associated with revisions of salaries and wages and allowance for inflation for other expenditures. That largely is the increase in that particular activity.

Another one you are interested in is item 8. There were some additional resources allocated to item 8 of one additional staff person for audit, associated with the strengthening of the systems auditing area of the audit branch. The balance of the increase is associated with revisions to salaries and wages and allowance for inflation.

In the other area, ministers without portfolio, another minister without portfolio was added. We had two ministers without portfolio in our estimates for 1980-81 and three ministers without portfolio in our estimates for 1981-82.

Mr. Boudria: Nevertheless, Mr. Chairman, the amount is almost double—not double, but

close enough—from \$276,300 to \$465,000 in item 10. That includes their transportation and costs like that?

Hon. Mr. Wiseman: Their offices and staff.

Mr. Silver: It includes all the costs of the ministers without portfolio. As I said, there were three in 1981-82 as compared with two in 1980-81. You have to take into account, of course, the revisions to salaries and the inflation that would be associated with those ministers, as well as the addition of another new minister without portfolio.

Mr. Boudria: I have no more questions on that vote.

Mr. Chairman: Are there any further questions on that vote?

Mr. Stokes: Yes. I would like a little bit more detailed information on both the legal services and the amount of money allocated for the ministers without portfolio. In the schematic drawing that you gave us in this briefing manual, it indicated that most of your legal services were provided to your ministry through the Attorney General, yet you have an amount of \$727,000. Is this a payback as opposed to legal staff within your ministry?

Hon. Mr. Wiseman: I will let Mr. Silver answer.

Mr. Silver: The staffing component of legal services is a chargeback from the Ministry of the Attorney General to us.

Mr. Stokes: They are not physically within your ministry?

Mr. Silver: They are physically within our ministry, but they are on the staff of the Ministry of the Attorney General and we are charged—this is standard for all ministries—for their salaries, wages and benefits.

Mr. Stokes: The reason why I ask this is that I have had an opportunity recently to examine the way in which another jurisdiction handles its human relations. Our own Canadian embassy in Japan told me there were as many lawyers in Metropolitan Toronto as there were in all of Japan. That tells us something about the way in which we organize our affairs.

Mr. Minister, are you not concerned with the way in which we handle everyday communications or enter into contracts or agreements with other ministries, for instance, where you have a battery of lawyers representing you and a battery of lawyers representing another ministry? I am sure we are spending hundreds of millions of dollars every year in legal costs.

The legal profession seems to perpetuate itself in the complexity of the documents it draws up, presumably on our behalf. It is getting so complicated now that if you have four lawyers sitting down examining the same contract, you will probably have five opinions from them. I am just wondering, since they produce nothing really of a tangible nature, does it not concern you that in almost any ministry you look at the cost of legal services is going up? Does that not tell you something about the way in which we interact with one another?

If you and I had problems, as we did when I was the Speaker and we had a joint responsibility with regard to this building, we sat down and we came to some kind of an accommodation. Most other people, when they are involved in things like this, have to have a battery of lawyers. I just wonder whether you, as the minister, and you, as the deputy minister, are not concerned.

Let me give you one example. The Bank Act of Canada has 1,400 pages. The Bank Act in Japan has two pages. I am just wondering if we should not be looking at the way in which we order our affairs. We are dealing with friends, but you would never think so when you sit down to talk about something of some complexity. You would not think of doing it without getting a bunch of lawyers around you, high-priced lawyers who really produce nothing.

Does it not bother you, even in your own daily affairs, if you want to acquire a piece of property? You might want to sit down and enter into a nice, friendly agreement with your neighbour next door, but you would not dare do it because whoever drew up that contract has done it in such a way that you cannot do without him.

I am just wondering if you had not got something to say about the tremendous increases in legal services—and we are dealing with friends. Can you imagine what it would cost us if we were dealing with someone out there who is probably trying to do a job on us?

Hon. Mr. Wiseman: If I could just speak to our legal services, during the two years I have been there a lot of our work is done in the finalizing of a lease after our people go out and agree to it, making sure that it is put down in a legal form so that everything is well understood.

Mr. Stokes: So only the lawyers can understand it. I defy you to understand it.

Hon. Mr. Wiseman: Shortly after I came to the ministry, I wondered about the fitness of

some of those legal forms you mention involving a small amount of money. We did get down to just a very small contract agreement on areas where we were not talking about large sums, and we have reduced all that paper and the whole bit there.

Mr. Stokes: I will be watching that figure next year then.

4:10 p.m.

Hon. Mr. Wiseman: We really do need legal services because we deal with some people who come to see me who might have a really high price in mind for the land we are buying, or one thing and another, and I sure we would not want to deal with them. You and I can deal and come up with something workable, but there are some I have met with whom, if I jumped up and down and wiggled my ears, I could not come to an agreement as you and I do.

I do need the lawyer there to tell me what my legal rights are and to finalize that contract, so those people cannot come back and say—

Mr. Stokes: Do you know what is happening though? They are turning them out like sausages at the law schools and they are passing the bar exams at Osgoode. I happen to belong to an area legal aid committee and I know the kind of people they are turning out. I am just saying I think that you, as the minister, should take a real good look to make sure you are getting dollar value for that \$727,000.

Hon. Mr. Wiseman: I think you have our assurance that we will. Maybe some of this stems from when you were chairing the Board of Internal Economy when we got bills of \$75,000 to \$100,000 from some high-priced lawyers for a part-time job. I know you are concerned and we will continue to do that.

Mr. Stokes: It is your concern too, is it?

Hon. Mr. Wiseman: It is that we do not pay more than we have to, but I still think it is cheaper, in my humble opinion, to do it within than to go out and pay \$75 an hour or more to an outside lawyer.

Mr. Stokes: My other question on vote 501 is on the ministers without portfolio. You are asking for a sum of \$492,000—it says \$465,000, although the total is \$492,000—\$27,000 of which is for ministers; so you are actually asking for \$465,000 to support two ministers.

Hon. Mr. Wiseman: There are three now.

Mr. Stokes: Three ministers now. That is an average of about \$121,000 and change for each minister without portfolio. I am just wondering if you think we can afford such expertise.

One of those ministers happens to be the chief government whip, and I am wondering whether or not a part of this chargeback to your ministry is not a result of something that should be in some other ministry. Ministres sans portefeuille really are not that big in the overall scheme of things, and yet on the average you are giving them \$120,000 for support staff.

Do you have any breakdown of salaries and wages, employee benefits, transportation and communications, services, supplies and equipment for three cabinet ministers?

Hon. Mr. Wiseman: I will ask Mr. Silver to give you that breakdown. He has it available.

Mr. Silver: As to the breakdown for each of these ministers, the amount included in the estimates is \$91,900 for salaries and wages, \$9,100 for employee benefits, \$21,800 for transport and communication, \$5,200 for services, \$27,000 for supplies, and there is \$9,000 which is statutory, which is the salary for ministers without portfolio. That is the makeup. Each one of the ministers without portfolio has been allocated in total an amount of \$164,000, including the amount of his statutory salary.

Mr. Stokes: I am just wondering if we can afford that expertise. That is all I have on vote 501.

Mr. Chairman: Any further questions on vote 501?

Ms. Coppins: I have some questions. One is a followup to Mr. Stokes' question, and that is whether the minister or his deputy has assessed the cost effectiveness of having three ministers without portfolio instead of two. What added contribution are they making to the ministry that you should be expected to pick up the tab?

My second question is whether the minister has considered zero-base budgeting or whether it just tacks on an extra percentage. I question also the response to the member for Prescott-Russell (Mr. Boudria) that the increase in legal services over and above the \$50,000 was a product of the inflationary increase because, even taking into account inflation and subtracting the \$50,000, it is still a 25 per cent increase over last year.

As my third question, since it has been entered into the record that the reason for the increase has been that the ministry is transferring responsibility for the women's affirmative action program, I would like to know if the program is working within the ministry.

If it is working, can the minister give us some idea as to how many women are in the ranks of

the senior civil service? If it is so effective, why is it the average women's salary in the provincial civil service has dropped to a ratio of three to one as compared with men over the last three years? You now have three women under the \$10,000 category for every one man. I realize that is a mandate of the Ministry of Labour, but I wonder what the status is in the Ministry of Government Services, whether you are setting a trend or whether you are following the abysmal example of the other ministries. Those are my three questions.

Hon. Mr. Wiseman: The first question and the third one I will answer and I will go back to Mr. Silver to answer the second in a little more detail regarding the increase in legal costs.

As to whether there should be two ministers without portfolio or three, it is the Premier's decision to appoint those. It has always been the Premier's prerogative to do that. I can remember my predecessor was minister without portfolio for some time and back in Mr. Frost's time that happened as well. The Premier has the right, and has always had it, in my opinion, to do that and to give them the responsibilities he feels he would like them to have.

Ms. Copps: From a cost-effectiveness perspective then, you have no comment? I asked you whether it was cost-effective, I did not ask you if you were appointing them.

Hon. Mr. Wiseman: I think many of the things the ministers without portfolio have done have been quite successful.

Mr. Philip: In my preamble I asked a question which you did not answer; it concerned companies in receipt of government funds and contracts. Have you specified and investigated whether those companies receiving government funds are active in the hiring and the promotion of women within those corporations, and are you using your ministry—

Hon. Mr. Wiseman: When I come to Ms. Copps' question three maybe that would answer yours.

When I was a minister without portfolio and had responsibility for the ABC committee and other responsibilities, maybe I am prejudiced but I think that was well accepted. We eliminated some agencies that were not necessary, amalgamated others and came up with a ruling concerning service on boards and commissions to limit the tenure of persons on those boards as well as other responsibilities. I think this was good, as well as responsibilities involving freedom of information that some of the ministers

without portfolio have taken on. In my opinion, they perform a real function and work hard for the small extra remuneration they get.

I will answer question three and then I will let Mr. Silver answer two. If you check into the women's affirmative action group, I think you will find the Ministry of Government Services is really a front runner. The last time this came to management board to see how well different ministries were doing, the Ministry of Government Services was right at the top. I am sure that bears out in any reports that come out. We had a higher ratio of women in more responsible jobs than the ministries of most of my colleagues.

I should say I believe my deputy and myself will be meeting with some 80 of those women in a week or so at a luncheon, at which time we will try to encourage them, as I did last year and will again this year, to continue in their good work.

4:20 p.m.

Ms. Copps: On that same question, Mr. Minister, though it may not be totally relevant and you may want to answer it in another area, you have mentioned in your preamble, and I would assume it comes in with some of the costs of the office operation, the move to the use of electronic media, in particular VTRs. At the same time as it is getting very heavily into the use of electronic storage and transmission, I wonder if the ministry is considering taking a look at the adverse effects that have been entertained with respect to women who are pregnant and the use of VTRs since you do have very many women employed in your lower level.

Hon. Mr. Wiseman: I will answer that and then get back to your second question. The occupational health and safety branch is looking into areas similar to those you have mentioned.

Ms. Copps: Do you mean the Ministry of Labour?

Hon. Mr. Wiseman: That would be the Ministry of Labour.

Ms. Copps: In view of the fact you have obviously been committed to it, and are committed to it in a very big way, I wondered whether at the same time you might not want to take a look at some of the adverse effects in concert with the Ministry of Labour because the occupational health and safety of government workers is as important as that of workers in the general population.

Hon. Mr. Wiseman: They are monitoring it, and if they make suggestions to us, I am sure that my deputy and staff will follow along on it.

Ms. Copps: I guess I am asking for a little more of an advocacy role rather than a passive role. I think that the Ministry of Government Services should be taking an active role in this regard. Because you are committed to the use of electronic transmission, you should know about the problems involved.

Hon. Mr. Wiseman: We could ask Mr. O'Neill or Mr. Gordon. I would only say that my worry in government is that we have a lot of duplication, and if one ministry is taking the lead role in something like that, it is my personal opinion that we all should not be going down the same road. Because of cost and everything, we should let the lead ministry do it; we should follow along and do whatever they recommend to implement the changes they suggest.

So many times, before I got into government, I felt that two or three ministries were going off in pretty well the same direction. It is nice that now we are getting a handle on that, where one ministry plays the lead role and follows it through to the end.

Ms. Copps: I just want to make sure that you are on top of the problem because you are committed to the use of electronic transmission. It is something that you stressed in your remarks.

Hon. Mr. Wiseman: I shall let Mr. Gordon, my deputy, answer that, and then we shall get back to your question regarding legal services and the \$50,000 difference shown.

Mr. A. Gordon: In the areas where we are using the video tubes and so on, we are monitoring and we are working in conjunction with the Ministry of Labour on a government-wide program. Of course, we are concerned about the welfare of our employees and we are part of the overall review of that, as it goes. We are very anxious to see in terms of standards that our employees are protected as well as anyone else. In that regard, it is part of a broader program, obviously not entirely our own.

In terms of our use of electronic equipment, this does not mean all video terminals. There is a great deal else, of course, that we are involved in in that regard.

Mr. Silver: If you look at the amount that is included in the estimates for 1981-82, you will see we have there an amount of \$727,400. If you look at the amount that we had in our estimates for 1980-81, you will see there is a net amount of \$572,800, but that is after deducting a recovery

from other activities of \$55,500. So really what you should do is to compare the gross amounts for the two years, \$727,400 with \$628,300.

Mr. Stokes: They are kind of gross, with inflation.

Mr. Silver: Therefore, there is an actual increase between those two years of \$99,100.

Ms. Copps: Excuse me, are you looking at the actual or the estimates?

Mr. Silver: I am looking at the estimates.

Ms. Copps: The actual is almost \$90,000 less; so you had better add \$90,000 into your calculations, which brings it close to \$200,000, does it not?

Mr. Chairman: Not that close for 1979-80.

Interjection: That is a different year.

Ms. Copps: Okay. So the difference then is about \$90,000-something.

Mr. Silver: It is \$99,000, and the difference is accounted for by salary and wage revisions, the associated employee benefits, allowances for inflation and some other minor expenditures.

There is also an addition that was made, if you are interested. There was an amount of \$5,000 that was added to our funding, some telephone funding. There was a change in the accounting for telephone charges, so that accounts for the difference between the two years.

Ms. Copps: The other question I had which you may want to comment on is whether the ministry has considered zero-base budgeting and what kind of research you have done in that regard.

Mr. Silver: Yes, we have had a look at zero-base budgeting. We have a different type of approach in the ministry.

We review the expenditures in the ministry over a cyclical period of three years, and we have what is called activity review, which is a very similar sort of operation to zero-base budgeting. We have carried out a study of zero-base budgeting in the ministry and we have adopted what we call activity review in lieu of that.

Ms. Copps: What would be the rationale in activity review rather than zero-base budgeting on an annual basis?

Mr. Silver: We carry out a full review of all the activities in the ministry over a three-year cycle. We do not think it is necessary to carry out a complete review of each activity in depth every year, but certainly over a three-year cycle we do that. It is very similar to the zero-base budgeting approach.

Ms. Copps: Would you feel that from a cost effectiveness point of view it would be less useful to discover your error in budgeting three years down the road than one year hence?

Mr. Silver: That is a hypothetical question. You asked me whether we have looked at zero-base budgeting in the ministry. Yes, we have, and the approach we use is what we call activity review, which we think is very suitable for the way we operate in our ministry.

Ms. Copps: I just wonder in terms of the three-year cycle what economic theory you are operating from that says it would be better to operate in three-year cycles rather than one-year. What is the cost behind an annual as opposed to a triennial review, and what savings are you actually being responsible for by putting it over every three years rather than every year? You must have considered that in your package.

Mr. A. Gordon: Perhaps I could make some comment, although I have not been involved, as you can appreciate, in this in detail in the past.

To try to give a specific example, in something like rental of properties on a three-year lease, reviewing it again does not really make sense. You have already rented it for three years; you are going to pay the rent the second and third year—and we have a lot of rental property and so on. That is just one example.

The other thing about tools such as zero-base budgeting, management by results, program, planning, budgeting study—any of these—is that if you take the tool by itself and apply it across the board with a cookie-cutter, you run into strange situations. We are trying to adopt a program where, by looking at an activity and its relation to other activities, we see whether there is a correlation between what they are doing and the effect we are getting.

If we follow the straight analysis of every activity every year, the cost of doing so, in our view, would far exceed the benefits accrued because we would be using so much of our resources reviewing things that are of a cyclical nature, such as rental of properties, or capital construction, which takes four or five years for a project to go through to completion, and so on—

Ms. Copps: So you do have a cost breakdown then of how much it would actually cost you to cost it on an annual rather than a triennial basis? You do have that information?

Mr. A. Gordon: We have the costs of our whole operation, which are not all broken down

into how much it costs to analyse because part of the analysis is part of the process. I do not know how else to explain it without getting—

Ms. Copps: I am just saying that you have taken a look at two options, and one is zero-base budgeting.

Mr. A. Gordon: We have looked at a number. I mentioned three.

Ms. Copps: Okay, but you feel that the triennial approach is best for you. I just wonder if we might have access to the cost breakdown of the two or three systems that you have actually taken a look at.

Mr. A. Gordon: I did not say that we said that the triennial approach is best. I said you cannot separate out how much it costs to look at a process if you are involved in the process as part of that, and that is what we are doing in many areas. It is perhaps in our terms, in our analysis, somewhat simplistic to think we can automatically say this costs that much more to find out about and that much to do when we encompass the whole thing in our overall analysis.

4:30 p.m.

If I could use an example, in our terms the cost of providing good service in telecommunications cannot be separated between the policies of what we should make available, such as free access for people phoning in, and the cost of finding out how much it costs to make each call, compared with how much benefit we are getting in human terms for people being able to reach us.

Ms. Copps: The benefit in human terms is a political decision perhaps and not a policy one.

Mr. A. Gordon: Indeed, that is why we have the policy and priorities board in cabinet, to review all of this.

Ms. Copps: I do not want to belabour the point, but obviously you must have taken a look at all the systems. Could we have the information on which you based the decision to review every three years rather than every year?

Mr. A. Gordon: Simply, the answer is no.

Ms. Copps: The simple answer is no. Okay.

Mr. Philip: I wanted to ask the minister if he had a clear statement of policy on conflict of interest. That is an administrative decision. I do not want to prolong the debate, but it was something I think the minister avoided answering.

I am wondering what your policy is. Is your policy simply the policy stated by the Premier or is there a specific policy for your ministry in

terms of the interaction of employees and ex-employees of a high level and ministers and ex-ministers with your government?

Hon. Mr. Wiseman: We abide by the rules as laid down by management board as far as conflict of interest is concerned. As for ministers, I can only say we follow the rules laid down for ministers of the crown.

On the subject of conflict of interest rules that are laid out for employees, who would like to talk to that?

Mr. A. Gordon: In our Manual of Administration there are specifically set out conflict of interest guidelines—these are available and we can easily provide them to you—with respect to employees, covering both their own activities and those relating to their other activities. These range from their oath of office to their receiving remuneration other than their salary and benefits, through to conflict of interest in the areas of property and other matters relating to that.

Mr. Philip: It was only after we had a major inquiry that the Ministry of Transportation and Communications, or indeed specifically the new chairman of the transport board, decided to warn employees about conflicts under the Criminal Code of Canada for accepting gifts from those people dealing with the government. Have you similarly instructed your staff on conflict of interest on a regular basis?

Hon. Mr. Wiseman: I do not know that it is done on a regular basis, but I think it is—

Mr. Philip: They can go to jail for five years for it.

Mr. A. Gordon: The hesitation is not that they are not clearly aware of the conflict of interest requirements. As new staff come on, they are made clearly aware of it. It is the matter of repeating it on a pro forma basis at regular intervals. I don't think we have necessarily done it in that way.

However, there is no question about their being aware, and new members coming on staff are made very aware of that fact by managers.

Mr. Philip: Has this ministry made recommendations, either to the Premier or to management board, concerning the conduct of ex-employees and ministers and their relationship in any sales or advocacy capacity before the ministry?

Hon. Mr. Wiseman: Not that I am aware of at this time.

Mr. Philip: So if I were the minister, I could become the chief sales person for a company that might be selling \$1 million worth of services to the government the next day?

Hon. Mr. Wiseman: You could as a member.

Mr. Philip: Suppose you ceased being a minister for whatever reason. Then you could conceivably be in a position of being the chief sales person for a company dealing in millions of dollars worth of sales to your own ministry the next day.

Hon. Mr. Wiseman: If any one of us retires, and some time we will, and we have expertise in a certain area and meet the tendering process as laid out that we are the lowest tender and go through the process and do it in the regular way, I see nothing wrong with that.

Mr. Philip: But you would admit that in any tendering process the lowest is often not the one that is taken.

Hon. Mr. Wiseman: As long as he was a member it would not be a good thing, but if he was away from here, on his own, and followed the proper tendering procedure, I cannot see anything wrong with that.

Mr. Philip: I am sure you would admit—it is just common sense—that the lowest tender is not necessarily the one that is awarded. There are all kinds of other reasons which come into it.

Hon. Mr. Wiseman: Just a correction. It is about 99 per cent of the time, and the time that it is not is because, as I mentioned earlier, perhaps they have not filled the whole tender, but have only bid on part of it, or maybe in some cases they have not been able to fulfil their obligations as they said they would in the past and we have not had a very good work record with them. Things like that are taken into consideration, but 99 per cent of the time, the lowest tender would get it.

Mr. Philip: You see nothing wrong with a minister or deputy minister dealing on a front-line basis, not in an advisory capacity or a behind-the-scene basis as a staff person for a company, with the ministry that he has been in?

Hon. Mr. Wiseman: As long as he followed the procedure, picked up his tendering papers, filled them out in the usual way and sent them in, was the low person and was away from here, I personally see nothing wrong with that. The tendering process is all laid out in our annual report if anyone wants to read it.

Mr. Philip: Only items over \$10,000 are tendered, is it?

the members who were here before are familiar to you. I introduced my new deputy. Lon Pencak is the assistant deputy.

Mr. Stokes: Mr. Gordon, are you the Queen's printer now?

Mr. A. Gordon: I am.

Hon. Mr. Wiseman: Joe Silver, whom you know by now, is looking after our accounts.

Mr. Stokes: Mr. Chairman, first, with regard to the ministry's accommodation program, I would like to get into a discussion on this building. In response to an earlier question in one of the leadoffs, Mr. Minister, you indicated you were monitoring the situation and had presented to the Board of Internal Economy and the members' services committee three options, two which were clearly unacceptable in terms of your ministry because of the cost factor and the dislocation of people who are occupying certain parts of this building.

You indicated that your ministry was committed to building an office tower somewhere on the other side of Bay Street in order to make it possible for various ministries to move out of the Whitney block and, ultimately, to provide more space for people who are at present occupying this building. I do not want to get into a long and detailed study of who should move where and who should have preference. We all accept in general terms that this building should be for those whose immediate responsibilities are in this building, namely, members and support staff, and those who serve us, such as Hansard and the library—all those people who are absolutely essential for keeping this place going on a daily basis, whether or not the members are here.

Since we have had to move out the administration offices of the Office of the Assembly, we have had to move out some very critical people in our library, information and research services. They are getting scattered all over this area of Toronto, like Brown's cows.

In the absence of any agreement among all three parties as to whether or not all members should be accommodated in this building or in another facility nearby, has anything happened since you made that presentation to a joint meeting of the Board of Internal Economy and the members' services committee? Have you developed that any further from the presentation you made a year ago to relieve the congestion in this building and make the Speaker's task a lot easier for those areas where he is

responsible, so that we can bring back those people who are absolutely essential as members' support staff?

Hon. Mr. Wiseman: Yes. Mr. Chairman, since Mr. Stokes last saw it, the latest with the Board of Internal Economy and, I believe, members' services committee, is that there were concerns about relocating the members, as you remember, from the north end of this building over to the Whitney block if we went ahead with either of those two proposals to provide space over here.

When we went to talk to the members' services committee—correct me, Mr. Pencak, if I am wrong—on the sketches, I believe we showed a two-phase phasing in, where we would not have to take down the north wing, but build alongside of it. Then the second phase would be on the other side, and we would incorporate the whole thing. There would be very little dislocation of people because, as you will recall, we talked of problems that the whips would have trying to whip the people back once they got to their offices in the Whitney block, and whether we should put in an overhead pass similar to what we have joining the Whitney block and the Macdonald, and so on.

This one would not disrupt the members as the first two plans would and the price did not look, if I recall, all that much higher than maybe our second proposal which we brought forth. Perhaps because Mr. Pencak knows a little more about it, I would ask him to go into a little more detail.

Mr. Stokes: Could you flesh it out a little bit more?

Mr. Pencak: Basically, what the minister has stated is correct. Just to add a few more details, as you remember, Mr. Stokes, there was no decision from the Board of Internal Economy. We have, however, proceeded on that basis. From our point of view, that seems to be the most logical plan to follow.

Right now, we are putting together the so-called five-year plan. In the five-year plan, we are addressing the Legislative Building as one project and we are addressing the so-called east of Bay proposed project as another. We are just developing it specifically.

Mr. Boudria: Mr. Chairman, the members' services committee, as you may know, has been to Ottawa and Quebec City to examine facilities offered to members. We intend, first of all, to have a meeting of the members' services committee next week and, subsequent to that, we

intend to report to Mr. Speaker and the Board of Internal Economy on a facility that we would like to see for the members.

Possibly one of the reasons why the Board of Internal Economy has not got back to you yet with more information is that it is waiting for our recommendation. We have just toured those two legislative buildings lately and we are in the process of preparing that recommendation. That will clarify some of it, Mr. Chairman.

Hon. Mr. Wiseman: We appreciate it and we would appreciate any suggestions you might have.

Mr. Stokes: Within what time frame may you have a realistic alternative whereby the members and the support staff may be more adequately accommodated?

Mr. Pencak: A proposed alternative, not actually a physical one?

Mr. Stokes: Yes.

Mr. Pencak: There is a report coming from the MPPs or a committee which would indicate their requirements. This we would like to incorporate in our future planning. As soon as we can get that, it would be a question of a month or six weeks in which we could come up with an alternate proposal after that date.

4:50 p.m.

Mr. Stokes: Since Mr. Boudria has taken you off the hook on that, you have a reason for procrastinating further because there may be more input.

Hon. Mr. Wiseman: We will give a commitment now that we will show it to the members' services committee as well as the Board of Internal Economy and, hopefully, get them on side on that.

Mr. Boudria: Just not to appear to be totally on the minister's side, I want to make it clear that when we went to Ottawa and Quebec City we were most impressed with the way in which their legislative buildings are maintained and continuously restored in comparison to the way ours is. It is just amazing, especially in Quebec City, to see all the work that has been done to that building and to see how the marble floors and the place just shone, the way the woodwork and everything is just beautiful.

Mr. Stokes: You noticed in Quebec the Premier does not live in the building.

Mr. Boudria: We also visited the bunker.

Mr. Philip: May I ask a supplementary? I gather that in 1980 Premier Davis wrote to Mayor Sewell suggesting "that the government

had no plans to build additional office spaces." Now you are saying that you are going ahead with the making of proposals, or did I misunderstand you?

Hon. Mr. Wiseman: No. About that time we got an outsider—I had better not say planning consultant so that I get it right for the record—to come in and do a consultant's plan of east of Bay for us, taking into consideration some of the suggestions made to us up to that time. That has been done. We have discussed it briefly, as I mentioned, with the new mayor and his planner, but it is just in the talking stage. As I say, since that time we have had other players who want to get in and have part of east of Bay.

It is not right to indicate to the committee that we are going ahead with an office tower. Many decisions have to be made as to whether or not the cabinet and the government feel that is a high enough priority at this time.

Mr. Philip: I gather that in the discussions with the former mayor, Mayor Sewell, the city of Toronto's position was that they wanted some housing or accommodation in that area and that the Premier at that time expressed to Mayor Sewell his willingness to actively consider that housing will go in there as part of that development. Is that part of the deliberations between the government now and the present mayor?

Hon. Mr. Wiseman: It shows some housing in there. As I say, all the players whom we knew were talking about it at the time the consultant did his report. That was all taken into consideration, but since that time there have been one or two other players who have indicated an interest. It is just in the talking stage. I am always afraid to say more. One time I mentioned that we had a bus company which had approached us. I think they made one preliminary approach. Then, all of a sudden, people were saying there was a bus terminal going there. Really we are in the preliminary stages of discussion and I would not like it to go out that we are going ahead with this, that and the next thing because that may not happen for a while.

Mr. Philip: The plan then that was being developed by—

Mr. Stokes: Mr. Chairman, do not let Mr. Philip interrupt me.

Mr. Chairman: I thought he had a supplementary.

Mr. Stokes: It is not.

Mr. Chairman: It is not really; it is a new question.

Mr. Philip: It is a supplementary, Mr. Chairman, and the third one is supplementary to the supplementary to the supplementary.

Mr. Stokes: I am talking about accommodation for members and support staff and I do not think—

Mr. Philip: You were talking about the east of Bay property.

Ms. Coppins: You are as bad as the Liberals.

Mr. Philip: No. I am just used to disagreeing with him when he was Speaker and it is hard to change the role.

Mr. Stokes: I have been getting some complaints, Mr. Minister, not from the public but from other ministries, about the length of time it takes your ministry to acquire accommodation on their behalf. As a matter of fact, I had a meeting in my office here within the past week. People were down from my riding and were looking for accommodation. I will not tell you the nature of it, but they were looking for accommodation in a small community in my riding. This ministry was suggesting this is the way we must go. They said, "We are going to provide you with trailers."

The people said: "No, we do not want trailers; we want something much more substantial than that, much more permanent. Why do you not acquire this building that is there? It is vacant, and the professionals who are going to use it think it is ideal. Why do you not get the Minister of Government Services to acquire that land and the property and then fix it up to meet the requirements and let us get on with it?" "If you do that," says this other ministry, "it will take you anywhere from 18 months to three years. Believe me, do not touch MGS with a 10-foot pole."

This is not the public saying this, this is our ministries that are saying that. They have very valid reasons for saying those things. They just do not go around criticizing another ministry without sufficient cause. I am just wondering if you are aware of that criticism.

Hon. Mr. Wiseman: From time to time, but I should explain that sometimes it is not really our fault.

Mr. Stokes: Are you going to blame it on the lawyers?

Hon. Mr. Wiseman: I should just tell you what happens since I have been there for two years. Lots of times we will get the requirements. The

local people out in the riding have an idea they need so much space; the ministry here feels that they only need—

Mr. Stokes: These were people from Toronto.

Hon. Mr. Wiseman: If I could just finish, what happens many times is they want more space than the ministry, on whose behalf we are working, says they need. We will say to them, and I have had to chase a few, "Give me your requirements. Tell me exactly what you want." In these cases, I ask the staff and they say, "We have not really got the requirements. We have not pinned them down yet." We get blamed then, as soon as those requirements do come through, that we did not have the property ready for them right away, like yesterday.

We do have to keep in mind, too, the prices. Our people have a fairly good idea in the different areas of the province what they should be paying per square foot. I am not saying that this one would not be within reason, but sometimes we are offered buildings on which somebody feels that they are going to get rich at the expense of the government. If you want to give me that particular one, I could find out from Mr. Pencak or Mr. Bill Gray and get back to you and let you know where it stands and bring you up to date as to how we see that.

Occasionally we get that but when I get into it—I am not sticking up for our staff; they can stick up for themselves—I find that a lot of times things similar to what I have mentioned happen. Then, as soon as they do make the decision, they want it from us right away.

Mr. Stokes: All I am saying is that I feel like this minister. I hope you do not get involved because we can do it much quicker by following the advice of this ministry. We have got to convince the people out in the field that that is the way they should go about it. When you get that kind of reaction from a line ministry, I think you should know about it.

5 p.m.

Hon. Mr. Wiseman: I am not saying we are perfect. That is why we are asking for the consultant's report I mentioned in my statement, and I have written also to each of the ministries, saying we are doing this and asking them to tell us where we can improve. I would hope that instances like this would come back to us and we will try to correct any of those as soon

as possible. Mr. Gordon reminded me of the fastrack and, because it is an in-house word, I will let Mr. Pencak explain it.

Mr. Stokes: Is that "fastrack" or "fast track"? You missed the T in there.

Hon. Mr. Wiseman: Did I? It is fastrack.

Mr. Brandt: Mr. Chairman, before you proceed with an explanation of the fastrack, I wonder if I could ask a question in regard to the same line of questioning that was proceeding earlier. Does your ministry have any kind of a rigid or fixed allocation of space for various types of functions, activities and that kind of thing? As an example, do you have any kind of a master index for court services or for secretarial staff? Do you have a formula that you apply?

What do you do if a request comes in from a particular area? The minister may know which one I am talking about specifically. I get the complaint, which other members may get from time to time, that the services and facilities in our area are not up to the same kind of level that they are in another area. To use the courts as an example, we put through more cases than this other particular jurisdiction and yet our facilities are not nearly as adequate.

I am wondering if you have some kind of a master book that says thou shalt receive X number of square feet of such and such a quality level or whatever, recognizing that there is a differential throughout the province in terms of the value of that particular property. I am wondering if you have anything like that, or what do you go by?

Hon. Mr. Wiseman: There is a book, a manual that says how many square feet of space we, as members, should have and how much our secretaries and the civil service as well should have. Sometimes it may vary a little. If they are in a room, for instance, where moving in partitions is going to cut it all to pieces, then they are not going to be any further ahead. Somebody may have a little bigger room. If it is a large room and it is cut into, then there is nothing left.

Mr. Brandt: There are the practical realities of a given piece of property that the province may own, and I recognize that as well.

Hon. Mr. Wiseman: Generally speaking, space is allotted on the basis of so many square feet per secretary, so many per member or director or whatever the case may be. Because he works more closely with that every day, Mr. Pencak might want to comment further on that.

Mr. Pencak: That is basically correct. There are standards for those spaces that could be identified, such as for a secretary, an executive director, a minister and so on. When we get into the areas of such ministries as Natural Resources or Community and Social Services, where there are special treatment type of facilities, labs and things like that, we go by what simply makes sense, rather than saying lab technicians shall have 100 square feet, for example. For those areas where we can specifically identify the needs, we have standards. For those where we cannot identify or standardize the needs, we simply use common horse sense.

Mr. Chairman: Can we have a quick explanation on the fastrack?

Mr. Pencak: I would like to relate it to Mr. Stokes' question because we always hear complaints from clients. We look at our ministries as being our clients and we try to do the best we can. Unfortunately, everybody who has a hammer in his hand thinks he is a contractor or an architect, but he gets very disappointed when he starts building something and finds out that the prices are about triple what his past experience has been.

And so it goes with some of these projects. They think it is a little thing, so do it fast, there it is, get to it. When they get the requirements they find out it is not that simple. They want to introduce this, that and the other thing, and the costs go away up. Instead of thinking \$50,000, maybe now they are thinking several hundred thousand dollars. They have to go to the board to get approval.

It always comes down to dollars. If we have dollars we can do it as fast as anybody. To prove that point, we have identified these through our buzzwords, one of which is the fastrack. That simply means that it goes on a very fast track. If we put a project on that track, we challenge anybody to do it in a shorter time than we can. I think I even heard today some compliments we got for something we had attended to, where, apparently for one reason or another, we did put a project on the fastrack. Now we cannot put every project on the fastrack, but I am simply trying to indicate that if the project has the required priority and the funding is available, we can do it very quickly.

Mr. Stokes: That leads me to my final question which is very specific. When are you going to put the district office for the Ministry of Natural Resources in Nipigon on the fastrack? I will tell you why. Go out to Nipigon and look at

that. You acquired a property on behalf of the Ministry of Natural Resources three or four years ago. Every winter they have to wrap up this conglomeration of trailers, which is the district office of the Ministry of Natural Resources. They have been there for seven or eight years since the reorganization, remember, of the Ministry of Natural Resources, where we got 40 or 50 district offices as opposed to many fewer regional offices.

In the wintertime they have pots and pans all over the place to catch the condensation that filters down from the roof. They actually wrap these trailers in plastic over the winter to try to minimize the heat differential between the outside and the inside. I think it is just inhuman to ask civil servants to live and work under those conditions.

It is not because you have not had it before you. I do not know whether you are having an argument with the Ministry of Natural Resources as to where you should locate it, but I have brought it to the attention of the real estate branch of your ministry. I know that MNR has been trying to move you people. It just gets back to what I said earlier, your clients out in the field, other ministries, are not at all happy. I will get back to my original question. When are you going to get it on the fastrack?

Mr. Brandt: It is obviously on the slow track now.

Mr. Stokes: It is on a siding now. It is not even on a track; it is on a back track or a siding someplace.

Hon. Mr. Wiseman: I was just looking at where it stands and it would look as if it is not on the Ministry of Natural Resources' highest priority track. It is on for tender call on our list for March 1983 and construction will start in the 1983-1984 year with completion in 1985-1986 and occupancy in April 1986. That is where it stands now. If you can persuade my colleague to move that into a higher priority, we would be glad to move it on to that fastrack that Mr. Pencak has talked about.

Mr. Stokes: Let me wait until the temperature is 40 below, and then could I invite you, my friend, up to Nipigon with me?

Hon. Mr. Wiseman: It is a fairly major job. You might be interested to know it is somewhere over \$4.2 million. That is where it stands at the present time.

Mr. Stokes: That is not too major. You are

asking for \$292 million. I just want a very small fraction of that and I will probably never use any of it.

Mr. Hodgson: You can buy a lot of pots and pans for \$4 million.

Hon. Mr. Wiseman: Our capital is not very high. By the way, I missed introducing my parliamentary assistant over here. I am sorry about that, Mr. Hodgson.

Mr. Ruston: Mr. Chairman, I wonder if there is any way of keeping this building in presentable fashion. The thing I am thinking about is the pigeon problem. I am in room 410 of the north wing and I would not ask anybody to live or work under those circumstances. I was born and raised on a farm and I have handled lots of untidy situations, but I have never had to live so close to such a mess in all my life.

5:10 p.m.

I mentioned Quebec jokingly a while ago. I was on a tour down there, and when we had a free day to come home I went on a bus tour. Even the bus driver mentioned, as well as people in the assembly, that Quebec built a condominium for pigeons. That was kind of a joking thing, but apparently what it was to do was get the damned things away from the government buildings. We have very nice-looking buildings here that have been sand-blasted and everything to keep them up, and the pigeons just make a disaster of it.

I know I will probably be accused of being a pigeon hater and a bird hater and against environment and everything else. I have raised pigeons and had them in my own area, but they have to be in their place. It is really too bad. I am no expert but I think I could figure out a way to get them out of there quite easily. Maybe it would not have the support of everybody. On the other hand, it would make an awful lot of pigeon pie, I would think.

I know you have had this problem in the past, but in some places it is really terrible now and I think we just have to address ourselves to that situation.

Mr. Hodgson: Mr. Minister, he did not tell the whole story. He told about the condominium, but he did not tell you they are feeding them birth controls in the condominium.

Hon. Mr. Wiseman: We are doing two things. We gave housing in the Whitney block to the falcons which, Natural Resources tells us, like to feed on pigeons when they get a little older. Although you are worrying about people saying

you are killing them and having them in pie, we hope they may be feed for these falcons and that will clear up the problem.

Mr. Ruston: Where have you got them?

Hon. Mr. Wiseman: They are right over in the tower of the Whitney block. They are a species, I guess, that is almost extinct.

Mr. Stokes: The peregrine falcon?

Hon. Mr. Wiseman: Yes.

Mr. Ruston: I think the problem is that pigeons are fed so much over here in this park that they make their habitat close to the end of this building. That might be because a lot of people feed them in the park, and that is a bad situation. They think they are doing a good thing, but it is not the right thing for a bird, that is supposed to find its food wherever it can, to be so completely fed and stuffed that they just waddle around. People do not realize it is not really good for them.

Hon. Mr. Wiseman: Rather than make them into pie, maybe we will get away with nature looking after nature and they can feed the falcons.

Mr. Ruston: It is too bad. They clean the windows, and it is all coming right inside now. It is just a complete fiasco, a disaster. It took me four months from the time I got kicked out of my office up on the third floor. When Mickey Hennessy took it over to get an office, I was moved and did not have any office space for four months. That is enough to have to put up with. But now I have moved and the office is fine. I am sure we can do something to get rid of some of them so they will not cause too many problems.

Hon. Mr. Wiseman: We have washed down the front and one thing and another, hosed it down and tried different things. But we are told that the falcons might eventually have a few good meals because there are a lot of pigeons around here.

Mr. Chairman: Who gets rid of the falcons?

Hon. Mr. Wiseman: We will leave that to Natural Resources.

Mr. Boudria: I have a question, Mr. Chairman, on the accommodation program, one question on this building and one on another. I gather, because of the fact we are shortly going to be planning expansion of the north wing and the renovation of facilities surrounding it, that we are not going to spend too much money on renovating the present north wing, especially if

we are going to tear it down a few years down the road. Am I to gather that is what we will be doing?

Hon. Mr. Wiseman: I do not think, to be honest with you, it will happen in that time frame. This will be in the long range planning, and after we have discussed it with the different committees, such as the members' services committee and the Board of Internal Economy, it still has to be presented to cabinet and be one of their priorities at this particular time. Do we spend money on ourselves or on some other area like Mr. Stokes' MNR building or whatever? That has to be the decision. I just do not want to lead you into thinking it is going to happen right away. A lot of events will have to take place and I will have to be a good salesman with my colleagues when that time comes.

Mr. Philip: If you kicked all the extra staff the Premier has out of the building, we would not need any extra space.

Mr. Boudria: The reason I was bringing this up is I noticed, for instance, in the north wing, and probably in other parts of this building, there do not even seem to be storm windows. There is just pane and then it is outside. Granted, it may not be as cold in Toronto as I am used to in Ottawa, but I still think it is not the way a building should be. Of course, it would not be right to spend money on all that work if we are going to tear the building down in two or three years or something like that. On the other hand, if we are going to be keeping it for a good number of years, maybe we should think of some of those things and treat our building as though it were a monument to its people, which is really what it is.

Hon. Mr. Wiseman: There are some things planned for this building in repairs and one thing and another. Mr. George Mann is getting some stone for us to replace the stone that needs repairing here. We have rugged the third floor of the Legislative Building. We will be renovating washrooms over a period of a few years to change some of the fixtures in there and to make them a little easier for the handicapped to get into. We are looking at the roof; that is in the plans for the future, whether it be slate or something else.

We are looking at the windows. We were working that out with the Ministry of Energy in order to base it on energy conservation and so on. That money has not been available this year, perhaps it will be another year. As you know, we

were going to do part this year and part next, but that has been delayed until the money comes along.

We spend a lot of money on our heating system here. We may be defeating the purpose to put in windows that are really tight because, as you know, sometimes we cannot control the heat and people would be looking around to open them up to get some fresh air if we changed them before we got some better control of the heating system.

Mr. Boudria: As my second question, in my constituency is an office of the Ministry of Community and Social Services and, as with many of those offices, there are people who are handicapped, or close to it, who have a hard time moving about. This office is located on the second floor of the building and downstairs, at ground level, is a Ministry of Transportation and Communications office. That seems to be the wrong way around.

Who would be responsible for that kind of thing? Is it their choice? Would they have to make a request to you to move them, or should I be talking to you about that?

Hon. Mr. Wiseman: Your constituency office is in the building?

Mr. Boudria: No, I am sorry, the Ministry of Community and Social Services office in my constituency, actually in the town of Hawkesbury, is located on the second floor with very many stairs up to it. It must be the height of this room, very high and very many steps. As you know, the Ministry of Community and Social Services has a few workers who go to people's residences, but quite often people want to go into the office and talk to the office manager and they often go there to get forms filled out and so on. It is a most ridiculous situation when you see the height of that place and how difficult of access it is, in view of the fact that it is the ministry which deals with people with those kinds of problems.

Mr. Philip: Disabled people are coming in.

Mr. Boudria: That is right, and older people.

Hon. Mr. Wiseman: When we are renewing leases and perhaps looking at new accommodation, or when we provide some things, such as air conditioning, access for the handicapped and so on that are not in the present building, it has been my experience that we ask around and see what other buildings our client ministry might be happy with. Provided the price is in line and it meets our client ministry's requirements we will consider that. But I do not know

that we have ever put one ministry out and reversed it with another in the same building, if we did not own it, unless we got agreement.

5:20 p.m.

Mr. Boudria: It would have to be the client ministry that asked for this before you would undertake such a move?

Hon. Mr. Wiseman: I will get the staff to explain it further, if I am not right. The client ministry would say, usually at the time of renewal, that a lot of people who visit them are handicapped and that perhaps we should be looking for something with access for the handicapped. At that time, we would look into the possibility of locating them in a building in the area that would meet their requirements and give access to the handicapped.

Mr. Pencak: Mr. Chairman, let us understand one thing; our policy is to provide for the handicapped. In general terms, when we come in to provide a new building, the first question we ask of the client ministry is what about the handicapped? When we come to small towns in Ontario, we have the opportunity either to accept the space available there or build. If there is space available, we try to get the best possible space for our dollar for various ministries.

Part of the requirement is to meet their precise needs. If they say, "Do try to get us a place where there is provision for the handicapped," we do. We always ensure that we provide parking for the handicapped whenever we lease parking areas. However, there could be situations when the ministry has moved in and occupied space and then subsequently hired an individual who is handicapped. If there is space available, they should come to us and request it, to see what we can do.

In the worst example, a ministry might make that request, but the Ministry of Transportation and Communications must also have access for paraplegics on the ground floor. If the ministry making the request wished to stay there, and if there is no additional space in a given location, they may be stuck with perhaps having someone carrying up the wheelchair to the second floor because that is the only thing there is.

Mr. Boudria: Given the economic conditions of that area, there is retail space which is empty all over the place in the town of Hawkesbury, so certainly there is no lack of space available.

From what I can gather from what you are saying, the request would have to be made by the client ministry in order for you to pursue it.

Mr. Pencak: That is right.

Mr. Boudria: In other words, you did not assign them that office.

Mr. Pencak: Not knowing they had need for facilities for the handicapped.

Mr. Boudria: Well, of course, the Ministry of Community and Social Services by its very nature would have that kind of a clientele. That is what they are for.

Mr. Pencak: Depending on what sort of office it is. If it is purely administrative, it may not.

Mr. Boudria: No, it is a field office.

Mr. Pencak: They should come to us and ask us to see what we can do for them, and we will try to do the best we can.

Mr. Boudria: Thank you. I shall place my request with that minister.

Mr. Brandt: Mr. Chairman, this may be of some assistance to some of the other members as well. Perhaps, Mr. Minister, you could give us some indication in a global form of the total number of capital requests you have before you and the number of approvals in dollars that you could give in this fiscal year. I want to get an indication of what kind of restraints you are under and get a feel for how many requests you have to reject on the basis of lack of dollars.

Hon. Mr. Wiseman: I shall ask Mr. Pencak because that would be a—

Mr. Brandt: I am not looking for an exact figure.

Hon. Mr. Wiseman: Our requests are quite numerous.

Mr. Pencak: Our requests vary considerably, but we do not even list the requests we get. As an example, we simply say to the ministry: "You have 30 capital projects requests. Well, don't bother asking us as we will not even list them. Give us five or six, and we will see what we can do with them."

That is the general picture. I should not say that is true for all the ministries, but for half of them. We end up with a list of maybe 150 to 200 major capital projects. It depends on the size of the projects, but we would probably generally get approval for 20 projects of various sizes per year in the major capital category only.

Mr. Brandt: Which amounts to how much money?

Mr. Pencak: In one single fiscal year, for the past several years now we have been talking about around \$40 million.

Hon. Mr. Wiseman: Which is less, by quite a bit, than we used to get.

Mr. Pencak: For 1973 or 1974, I believe, we had \$109 million for capital projects. That was seven years ago, and you can appreciate what has happened to our dollar since then. We are now living with \$40 million. So, effectively perhaps, this is why we cannot meet Mr. Stokes' request. I would love to do it for you, sir, if we had the money.

Mr. Stokes: Oh, I think you will. We are going to get it on a different track, I will tell you that.

Vote 502 agreed to.

Votes 503 and 504 agreed to.

On vote 505, supply and services program:

Hon. Mr. Wiseman: I thought Mr. Boudria had something on Alfred—not that I am asking him for questions.

Mr. Boudria: No, but I may make just one comment on it, Mr. Chairman. The community is very pleased with the speed at which the Ministry of Government Services has managed to convert the Champlain School at Alfred into an agricultural college. There were hangups here and there, but the community is pleased with what you managed to do in the very short time given to you. The college was planned for a very long time, but the building was only made available to you for a very short while.

I have no observations other than that.

Mr. Chairman: Mr. Philip, you had a question on supply and services?

Mr. Philip: Yes, on item 4 of vote 505. The provincial auditor reviewed the Ministry of Government Services central collection services. During questioning in the public accounts committee some interesting facts were brought out, and I should like to hear the minister's comments on them. For one thing, there was considerable comment on or exploration of the amount of interest charged on bad debts. I wonder if the minister can inform us of whether or not the interest is being collected on debt and what interest is now being charged on moneys owing to the government.

I thought the government moved in the right direction by introducing legislation that allowed municipalities to increase the interest rate on unpaid taxes. The rest of us are subsidizing those who find it convenient not to pay their taxes and who only have a very low rate of

interest charged to them—much less than the current market rate. Can you tell us how much interest your ministry collects on bad debts at the moment?

Mr. Kelly: We do not have a specific figure on the amount we collected, but we are charging interest as a result of the auditor's report.

Mr. Philip: What interest rate is being charged at the moment?

Mr. Kelly: I believe it is 12 per cent, but I am not sure.

Mr. Philip: When I went to the bank the best I could get five or six months ago was 16.75 per cent. It is now up to about 21 or 22 per cent on a demand loan. Certain people who owe the government money are getting a fairly good ride at 12 per cent, would you not say?

Mr. Kelly: I said I am not too sure what the percentage is. I believe it is 12. Certainly some are getting a fairly good ride, but we require Treasury approval just in order to charge the interest, and it is only recently that we had the Treasury approval.

Mr. Philip: Do you have to go back to the Treasury to change the rate each time, or how does that work?

Mr. Kelly: Yes, the Ministry of Treasury and Economics sets the rates on financial matters.

Mr. Philip: Why would you not set the rate at the demand loan rate, or perhaps connect it with the fluctuation in the cost of money? I wish I could borrow money at 12 per cent.

5:30 p.m.

Hon. Mr. Wiseman: On the subject of bad debts, I think you should know 70 per cent of them are for students. I am not saying it is right, but 70 per cent of the debts we have to collect are for students and the Treasury, as Mr. Kelly has said, sets the rate. Perhaps that would be something to ask the Treasurer (Mr. F. S. Miller). I just thought you should know that students account for 70 per cent of the bad debts.

Mr. Chairman: Student loans?

Hon. Mr. Wiseman: Student loans and so on.

Mr. Philip: I do not mind when there has been an overpayment in family benefits, some of which in the instances I have run into has been the government's fault. I think in those cases you should not charge any interest. But you have some people who obviously can pay. We have had examples of people who have graduated as dentists and have their offices already set

up or something like that and are earning good money. They are slow at paying back the taxpayers, while at the same time they can show that they are earning a fairly good income. It seems to me that the taxpayers should not be subsidizing these people.

Hon. Mr. Wiseman: Maybe there is the odd one who is a dentist and is not paying it back. Most of them are cases where the Ministry of Education, in the case of students, have tried to collect the money. We try to collect it. You should know the way it goes. They are supposed to turn those over to us within a reasonable length of time, usually six months. Then we try to collect the money. If we cannot, we have outside people who collect it and charge about 30 per cent per collection.

We have collected a lot of those, but I cannot, as some ministers do, pull out a list of those who have written to me about a certain student in their riding who has had hard times and cannot pay at the present time, and who have asked us to reconsider or break that payment down even smaller to assist him until he gets on to a job again.

I have had many letters from many members saying their constituents have run into hard luck and have not got a job. As soon as they get their job, they will continue to pay. They ask whether we could carry it for a little while or reduce the payment or whatever until such time as they can pay. A lot of them are hard luck stories, but there is the odd one who tries to beat the system. We cannot find them and some of the credit people we put on to them cannot find them. They just seem to disappear.

Mr. Chairman: In theory, Mr. Philip's suggestion is great, but in fact it is probably too difficult to enforce.

Mr. Philip: I have run into one or two cases. The only ones I remember have been ones in which they owed the Alberta government and, therefore, it is much easier for me to argue against Alberta taxpayers than our own. But there are hard luck stories, where the fellow has a PhD and is trying to find a job driving a cab to support a wife who has just broken her back and has kids who need glasses.

Hon. Mr. Wiseman: That is a pretty bad case.

Mr. Philip: I just wonder about the low rate of interest in these times and whether or not it is not profitable for some people to take as long as possible.

Hon. Mr. Wiseman: I will discuss that with my colleague, but perhaps when his estimates come along you could mention it to him.

Mr. Philip: Provided there is discretion for looking at individual cases where there is hardship. I gather certain ministries deliver their bad debts to you at different times and some collect their own. As I recall, there was talk during the auditor's deliberations in the public accounts committee of the desirability of having your ministry handle all bad debts through a more centralized and efficient system. Is more being done about that?

Hon. Mr. Wiseman: I kind of mentioned the procedure as it is set up right now. It does not always happen, but usually we like to get them within the six months. Just like any other collection agency, the sooner we can get them the better; then they do not get away on us and we have a chance to collect.

I think we have to make three attempts to collect, and then if we cannot, we turn it over. We have four collection agencies hired which, I might say, have really reduced this. Their techniques have improved.

Mr. Stokes: More strong-arm?

Hon. Mr. Wiseman: No, not as strong. At one time they were really strong-arming it and a few members brought that to my attention. I do not think they are the same way now. I have not had any complaints for months. That is the procedure now and they are supposed to turn them over. As I mentioned, the largest per cent, 70 per cent, is students and some are connected with Agriculture and Food and a few others.

Mr. Philip: On the opposite side, what is the rate of interest paid by the ministries on overdue accounts?

Mr. Silver: It is 12 per cent at the moment.

Mr. Philip: At least you are consistent then. You are charging 12 per cent and you are paying out 12 per cent.

Mr. Chairman: Any further questions?

Mr. Boudria: Yes, Mr. Chairman. The purchasing services follows the same concern that I have had. Why does it seem to be going down all the time? Is that because you are saving a lot in purchasing, or is it because other ministries are not using your services the way I think they should?

Hon. Mr. Wiseman: I will get Mr. Kelly to answer it in more detail, but I did mention a little earlier that things have changed and are changing all the time. A lot of people who used to send out work for printing have a duplicating machine and so on, so much so that we phased out some of our printing services last year. I

might say we placed those people into other jobs and they did not lose their jobs. But our demands for that area dropped quite a bit. There may be other areas that Mr. Kelly or Mr. Gordon could answer in more detail.

Mr. Kelly: I think a large part of it is that recoveries are going up from one of our services that charges the other ministries. As the recoveries go up, the net expenditure goes down. There is really no essential change in the service itself, but the greater the volume discharged to the other ministries, the less net expenditure we have in that particular activity.

Hon. Mr. Wiseman: This is the chargeback arrangement that we have now where we can charge the ministries for the services that we supply.

Mr. A. Gordon: It is in all the other ministries' budget now instead of ours, but the activity is still carrying on.

Mr. Boudria: So this does not mean that you are buying less for the ministries?

Mr. A. Gordon: No.

Mr. Boudria: This means you are recovering more. I have another question, Mr. Chairman, on item 6. Government mail services from \$650,000 to \$724,000. Would you like to tell us why that went up to that extent?

Hon. Mr. Wiseman: Last year, as you know, we handled a lot more mail because of the applications for the pensioners' tax credits on their taxes. About two or three extra mailings had to be put out, and then eventually the cheque went out. But perhaps there is some more. I was just asking yesterday about the number of pieces of mail that we process, and somewhere close to 25 million pieces of mail go through a year. That figure is pretty accurate. But Mr. Kelly may have more details.

5:40 p.m.

Mr. Kelly: Generally it relates to the increase in volume. To a large extent, there are the employee benefits, the increase in salaries, and so forth. The total I see here is a \$74,000 increase of which \$51,000 is for salaries and wages; \$24,000 is allowances for inflation and other expenditures; and \$19,000 is transfers between activities, which is basically just an accounting matter.

Mr. Boudria: Would any of this by any chance have anything to do with the fact that having had an election recently, prior to the election a lot of things in provincial government seem to

appear in our mailboxes? In other words, did other ministries ask for your services more frequently in that period than normally?

Hon. Mr. Wiseman: Not that I am aware of.

Mr. Kelly: I am not very conscious of it.

Hon. Mr. Wiseman: I know there was a lot of discussion, but I would like to think it was more the senior citizen applications and so on.

Mr. Stokes: Other than the physical handling of the mail, the cost of that would be a chargeback to that ministry.

Hon. Mr. Wiseman: Yes. We did handle the mailing, as you know, quite fast for the Minister of Revenue and he was quite happy with that.

Mr. Chairman: Are you satisfied, Mr. Boudria?

Mr. Boudria: Yes, on that item. In item 10, government payments went from \$2.7 million to \$3.5 million. Could you expand on that a little bit, please?

Hon. Mr. Wiseman: That is a minor responsibility of Eugene Strauss and I will get him to answer.

Mr. Strauss: The government payments branch sends out all the cheques, except for the Ontario health insurance plan, by the way, and would carry the postage and envelopes in this case. It just reflects volume and increased postage to a large extent. Of course, they also have to pay additional salaries for their staff, but there has been no increase in staff. Apart from the usual salary revisions, the rest of the increase is for postage.

Mr. Boudria: Are you commenting on item 10 or item 6.

Mr. Strauss: Item 10, sir. You said government payments. I am sorry.

Mr. Stokes: That is what he asked.

Mr. Strauss: Government payments.

Mr. Boudria: I thought you were talking again about the business of the mailing service.

Hon. Mr. Wiseman: Your question was on 10, was it not?

Interjection: Yes. He is on 10.

Mr. Strauss: Another reason, and one the minister referred to, is the rebate for pensioners. That alone took care of \$670,000.

Mr. Boudria: Oh, I see. No further questions, Mr. Chairman.

Mr. Stokes: I would like to ask a couple of questions with regard to services. I would like to ask why you phased out the bibliographic and the cataloguing component of your ministry? It

caused us some problems in the Office of the Speaker in as much as the library and information services were going to be left without that essential tool for cataloguing the various pieces of information that are absolutely essential if they are going to carry out their mandate as a library, information and research service. It caused us a great deal of difficulty in as much as we had to take over that staff.

That was not too bad, but we had to find accommodation for them. Then they had to dovetail what they were doing more in keeping with our permanent staff in the library. We did get it resolved. It was providing a good service, not only for us but for all the ministries. Had we not taken it over, it would have immobilized our whole library. I am wondering why that step was taken. You just served us with an ultimatum saying you are phasing this out and we had to do our darndest to salvage it.

Hon. Mr. Wiseman: I know you probably had as many letters as I had from all the library boards wondering if this service would be phased out because a lot of the local library boards used that.

Mr. Stokes: Why would you do that? There was complete isolation of everything that was going out there and there was a huge clientele that was going to be using it.

Hon. Mr. Wiseman: There was a direction at that time that it should be transferred to the library over here.

Mr. Stokes: But you did not ask us. You just all of a sudden said, "We are phasing this out," and we had to furiously go around—

Hon. Mr. Wiseman: They are reassessing that decision at this time as to whether that was a good move or not.

Mr. Stokes: You can thank us for at least salvaging it until you make up your mind whether it was a good or a bad move. We told you it was a bum move.

Hon. Mr. Wiseman: I am not saying we do not make the odd one.

Mr. A. Gordon: Mr. Chairman, as Mr. Stokes recognizes, I was not here at the time the decision was made, but I can assure you that in our overall review of getting information sources together and trying to co-ordinate what we are doing, we are reviewing the move and we will certainly take your comments into consideration when we are thinking about it.

Mr. Stokes: We have got it well in hand. I do not presume to speak for Mr. Land.

Mr. A. Gordon: I know from speaking with him personally on the subject that he feels it may more appropriately be housed elsewhere and we are looking at that, along with the whole matter of trying to get a rational overview of provision of information services in such a way that they match. We have a very good working relationship with him on that and he has done an excellent job.

I cannot give you the reasons why my predecessor arranged to have it moved, because I was not there at the time.

Mr. Stokes: I do not like to be unfair, but I am glad the second move was made. I look for big things around here now.

There is only one other comment. As you move from office to office in this building and look at the kind of accommodation that people have, one will see that the furniture moves around with the people. Of course, whenever there is a move made, there is a huge stack of furniture and furnishings out in the hall for an interminable period of time.

Finally, it disappears and then one sees a whole lot of new furniture coming into the building. I understand you have got repositories for this surplus furniture in excess of your requirements. Where are those repositories and what do you do to recover some of the cost for those things which are moved out? There are certainly things which should not be thrown on the scrap heap. I have often wondered about it and I have been asked what happens to it, but I really cannot tell people.

Hon. Mr. Wiseman: We recycle a lot of this furniture, not only in this building, but in other buildings to other ministries. Then if it becomes surplus, we make it available to nonprofit organizations. I have asked the number of those. I just have not got my finger on it right now, but perhaps someone else can get that for me while I am talking to you. A lot of our articles used to be sold, but now they are given out to nonprofit organizations and it assists them in setting up their offices. I do not know whether all members are aware of that. I was not aware of it until I came into this ministry.

Mr. Stokes: If I had an Indian community up in the far north that wanted to get some furniture for, say, one of their band halls or something like that, would it be possible for me to latch on to some of that on their behalf?

Hon. Mr. Wiseman: Provided they are a nonprofit organization, they just write to us—

Mr. Stokes: I assure you they are nonprofit.

Hon. Mr. Wiseman: —telling what their requirements are and we try to fill that order. We say that they can only come back—being a farmer—to the trough once a year. Next year they can come back again, but whatever they get the first time around they cannot come back and try again in that year.

Mr. Stokes: But this usually happens for nonprofit organizations within, say, Metropolitan Toronto or close by.

Hon. Mr. Wiseman: Oh, no. I have had some in my riding, battered women's groups and one thing and another. They are nonprofit and they set up their office with it. Mr. Gordon has the figures here and he will give them to you.

Mr. A. Gordon: They are rather interesting actually. Approximately \$1.2 million of furniture is recycled within the government. Last year approximately \$150,000 was recovered from sales. We have auctions of assets and so on. It is hard to do a count of it because they go by items donated to charitable organizations. It ranges from year to year. One year it was 22,730 and the next year it was 1,280 items donated in this sort of way. I am informed that most of that does go outside of Toronto actually.

Your question is quite in keeping. We have tried to ensure that if it can be recycled within the government and used again, then we do that first. If charitable organizations seek it, then we offer it to them; otherwise it is put up for auction.

Mr. Philip: Speaking about recycling, is there any attempt to get some recycled paintings other than the ones which are available to us now within government buildings and for MPPs' offices?

Hon. Mr. Wiseman: Mr. Gordon reminded me we are reviewing that. If you have a request we will look at it.

Mr. Philip: I think we could get better paintings than some of the prints that are available.

Mr. A. Gordon: We are trying to establish a new policy, but we have not had time to develop it which reflects our interest in supporting Canadian artists, for example.

Mr. Philip: I am sure Morty Shulman would give you advice on how you can even make money at it.

Mr. Chairman: Mr. Boudria, you had a question.

Mr. Boudria: I just have one question, Mr. Chairman, on the same topic that the minister

was talking about. Would a genealogical society, historical society or one of those qualify to obtain this furniture?

Hon. Mr. Wiseman: I would say so if they are registered charitable organizations. We have a little trouble sometimes—not very often, but the odd time—in that some of them try to justify that they are nonprofit organizations, but for the most part they are church groups or other groups that are no problem at all.

Mr. Boudria: This is actually a government-related one in so far as they get involved in archeology and things of this nature. It is the Franco-Ontarian genealogical society—that is not the full name. I could tell you the full name in French, but it is quite a tongue-twister for me to try to pronounce in my other language and translating it would be worse.

Hon. Mr. Wiseman: We sometimes maybe bend a little on that.

Mr. Boudria: This is nonprofit.

Mr. Kelly: It should be a registered charitable organization.

Mr. Boudria: They are that.

Mr. A. Gordon: Some are not, but not very many.

Mr. Boudria: Oh, yes, I helped them in that.

Hon. Mr. Wiseman: Then there is no problem.

Mr. Sheppard: Wouldn't a Lions, Kinsmen or Rotary club qualify for this because they are nonprofit organizations and they help in the community all the time?

Mr. A. Gordon: It depends whether that would be for a project they are doing or for their own purposes. If it is for their own purposes, there might be a problem. If they want to set up a Lions club office or a Rotary club office, that might be a different thing than if they have a project they are doing in the community, like a Lions club playground. I do not know what we would have in assets that they would want, but it would be for something in that regard.

Hon. Mr. Wiseman: There is the odd one, as I say, that is in a grey area, but they usually write to us and we try to assist a member.

Mr. Sheppard: That could be a grey area; it just depends on what they want to use it for.

Hon. Mr. Wiseman: Yes.

Mr. Boudria: They would write to your office? Is that what they do?

Hon. Mr. Wiseman: Yes.

Mr. A. Gordon: To the minister.

Votes 505 and 506 agreed to.

Hon. Mr. Wiseman: Thank you, gentlemen. We will try to look after the confidence you have placed in us here this afternoon.

Mr. Chairman: Thank you very much, gentlemen.

This concludes the estimates of the Ministry of Government Services.

The committee adjourned at 5:44 p.m.

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 Copps, S. M. (Hamilton Centre L)
 Hodgson, W. (York North PC)
 Kells, M. C. (Humber PC)
 Philip, E. T. (Etobicoke NDP)
 Stokes, J. E. (Lake Nipigon NDP)
 Wiseman, Hon. D. J.; Minister of Government Services (Lanark PC)

From the Ministry of Government Services:

Gordon, A., Deputy Minister
 Kelly, J. J., Executive Director, Marketed Services Division
 Pencak, L., Assistant Deputy Minister, Accommodation Division
 Silver, J., Executive Director, Administration Division
 Strauss, E. F. H., Executive Director, General Services Division



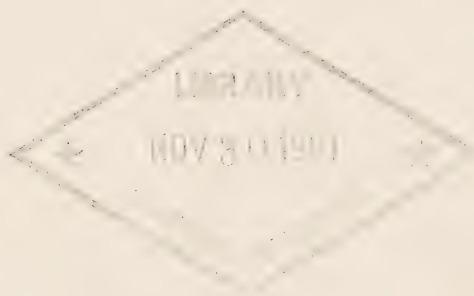
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Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government
Estimates, Ministry of Municipal Affairs and Housing



First Session, Thirty-Second Parliament
Wednesday, November 4, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 4, 1981

The committee resumed at 2:03 p.m. in committee room No. 1.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

Mr. Chairman: I see a quorum.

Mr. Brandt: Mr. Chairman, do you require a motion at this point to proceed with the Ministry of Municipal Affairs and Housing estimates because we spent, as you well know, some two hours this morning on matters not related to the business of this particular committee. I would like to see us start now to get into the estimates.

The case was made very succinctly this morning that we have time limitations with respect to the responsibilities before this committee. I would like to see us not have other matters of diversion that may take away from the important business that we have before us.

Mr. Chairman: I think we have a consensus that we shall proceed immediately with the minister's statement. There is only one point that I would make before proceeding and that is that the adjournment time has been suggested at five o'clock. Is it agreed that we sit until five?

Agreed to.

On vote 2201, ministry administration program; item 1, main office:

Mr. Philip: Do we have a copy of the statement?

Hon. Mr. Bennett: I was just going to ask you. Are those the copies there, Bill?

Mr. Chairman: Mr. Minister.

Hon. Mr. Bennett: Mr. Chairman, as the honourable members are aware, I was given the honour and the privilege and, of course, the very great responsibility of inaugurating a new ministry in July of this year. That is an opportunity that comes very rarely. So it gives me a distinct pleasure to present this new ministry's estimates for the year 1981-82.

The newly created Ministry of Municipal Affairs and Housing consists of the municipal affairs wing and the municipal legal services group, which were transferred from the Ministry of Intergovernmental Affairs and combined with elements of the Ministry of Housing. Those elements include the community development

wing, the Ontario Housing Corporation, the community planning wing, the land development wing, the Ontario Land Corporation, the Ontario Mortgage Corporation and housing's central services.

In announcing the formation of this ministry to the Legislature earlier this year the Premier (Mr. Davis) said this move "strengthens our commitment to the municipal level of government." I think that is very true, as is evidenced in our plans for the coming year and in our current actions. The Premier also noted that this ministry will, of course, continue to demonstrate the government's commitment to socially assisted housing throughout this province.

Over the past few months I met the representatives of a large number of municipalities during tours of those communities to familiarize myself with the real and basic concerns of our municipal leaders and citizens. At the same time I had an opportunity to explain this ministry's two main operational principles. First, this is a ministry that will offer a one-window approach to municipalities and to those involved in various provincial-municipal concerns. Through this window municipalities and other community-based authorities can deal with one minister in areas of local government structure and organization, provincial-municipal liaison, municipal management, funding, planning, housing and community development.

This approach extends to other ministries in so far as their activities and programs affect municipalities. In dealing with these other arms of the provincial structure the municipal affairs area of my ministry relies on two main policy foundations. It continues to draw to the attention of other ministries long-standing provincial policy about the role of local government, and it acts as an advocate for municipalities in furthering their interests with the provincial government.

There is a second principle that I consider important to my ministry, and that is to maintain flexibility in all dealings with our municipal clients and others. We well recognize and respect the unique character and diverse requirements of each municipality, community and neighbourhood with which we must deal. We seek to give more responsibility to local

authorities who want it and can handle it, and at the same time we will gladly offer help and encouragement to those who need it.

There is a great spirit of co-operation, I am happy to say, between this government and its municipal partners. I have found because of the effort on both sides that we enjoy a very high level of co-operation with our municipalities in a number of important joint ventures or activities. I can point to various examples:

The inter-association working group on annexations and amalgamation, resulting in the present boundaries legislation;

The inter-association working group on transportation of dangerous goods, chaired by Mayor Hazel McCallion, established on Mr. Wells's invitation and presently about to report to the associations and the government;

The extensive consultations on a continuing basis with the fiscal policy committee of the Association of Municipalities of Ontario on such issues as apportionment, section 86 reassessments, lot levies and unconditional grants. This includes the setting up of a special committee established on my invitation to look at municipal debenturing practices with the help of representatives of the investment community.

The Municipal Liaison Committee will shortly be participating, by invitation of the Solicitor General (Mr. McMurtry), with representatives of the police community in a review of the Police Act. AMO and my ministry are jointly sponsoring a series of seminars similar to those successfully held for newly elected members of council. Those earlier seminars were attended by about 25 per cent of the municipally elected representatives in our province.

The 1981-82 seminars will include one for French-speaking members of council in the Hawkesbury community in a few days, one on financial management for municipalities of under 5,000 population, which is scheduled for Peterborough in the latter part of January, and a cross-province series of seminars on the new conflict-of-interest legislation that we introduced just a week ago.

Perhaps one of the most significant steps of the last decade in provincial-municipal relations is the recent formation of a single municipal association to represent the interests of municipalities. The government, of course, recognizes that the organization of municipal associations is entirely a matter for the municipalities to decide. However, we have made no secret of our support for a single umbrella association.

We believe, as do the municipalities of Ontario, that local governments can speak most effectively to the province through a single, comprehensive organization.

And just for the information of the members, the many municipal associations have now concurred in that organization, and it will come into being under the name of the Ontario Municipal Association on January 1, 1982. I remember speaking to them at their annual conference here in August and I encouraged them to give as much support and credit to the new organization as we have had from those small organizations in the past.

2:10 p.m.

Although the government makes every effort to work with municipalities it has often found itself in the position of having to arbitrate between conflicting municipal associations. With this new association it is our hope and expectation that municipalities will arrive at a consensus on major issues without requiring the provincial government to mediate.

I think it is clear that the need for good communication is greater now than ever before because of the many substantial issues facing our two levels of government. It is important that we work together, and it is fortunate that the mechanism through which we do work together has improved.

No issue is more pressing than that of revenue sharing. Last year municipalities depended on the province for 30 per cent of their total revenues. This figure is considerably larger in northern Ontario and rural Ontario, where the figures are 48 per cent and 44 per cent, respectively.

The province is proud of its record of transfers to municipalities. It recognizes its responsibility to mitigate the impact of property taxes, which are not as responsive to economic conditions as many of the other sources of provincial revenue. However, it is clear that as the province grapples with the need to restrain its expenditures the municipalities must also face the fact that the high growth period of the 1960s and early 1970s is no longer with us, either in this province or in this country.

It is significant, I think, that in each of the last few years our transfers have more than kept pace with the amounts that would have been specified in the formulae proposed by municipal people several years ago. I cannot guarantee that this will always be the case. However, I can assure municipalities that the province will not expect them to carry a heavier burden of restraint than it is willing to shoulder itself.

I have committed myself to working with the municipal association to improve the foundation of municipal taxation and municipal grants. I am working with my colleagues in the Ministry of Revenue and the Ministry of Treasury and Economics to develop program proposals that we hope will end some of the inequities.

The government fully recognizes its responsibility to ensure continuing improvement in the incidence and equity of property taxation. Similarly, it recognizes that sudden shifts in taxation, even if they are equitable, may cause dislocation. It is therefore prepared to continue to monitor very closely the effects of changing equalization legislation so as to ensure effective response.

Mr. Chairman, I would like to turn to some details of our grant package for this year.

Transfer payments to municipalities for 1981-82 come to \$611.1 million. This is a 7.2 per cent increase over the comparable figure for the previous year. That figure is \$570.3 million, which includes the \$427.6 million shown in the printed estimates as well as \$142.7 million in prepayments authorized early in 1980.

The estimate figures, by the way, differ slightly from the total amounts actually paid under the municipal affairs program in 1980-81 and 1981-82. The actual figure for the 1980 municipal fiscal year was \$562.4 million; for 1981 we expect to pay \$629.1 million, an increase of 11.9 per cent.

Of this \$629.1 million, \$603.5 million will come in the form of Ontario's unconditional grants. This is an increase of about \$59.6 million from the previous year, or about 10.9 per cent—a substantial increase, I would have to say. As the word "unconditional" implies, the program is designed to afford municipalities greater flexibility in managing their resources.

All local municipalities benefit from a general per capita grant that ranges from \$7 to \$10 per capita. This grant is designed to serve as a basic support to municipal government. The 1981 payout will be \$78.4 million, up marginally from \$77.4 million last year.

The biggest unconditional grants increase will be in the per capita grant paid to municipalities with policing expenditures. The increase is \$15.7 million, or a 16.6 per cent increase over the 1980 figure—in other words, from \$94.7 million to \$110.4 million.

The increase reflects a \$2 improvement in the grant rates. Grants for municipalities covered by regional police forces have been increased from \$15 to \$17 per capita. Grants for other

municipalities with their own forces or with a service contract with the Ontario Provincial Police have risen from \$10 to \$12 per capita. A differential remains between the two grant rates because regional municipalities have extra responsibilities for policing rural areas.

The density per capita grant is paid to municipalities in regional areas. The total amount paid is about \$5 million a year.

The general support grant provides an amount equal to six per cent of each municipality's net general dollar levy for the previous year. In 1981, \$176.8 million will be transferred to municipalities in this way, an increase of about 10.2 per cent over 1980.

The special support grant for northern Ontario municipalities amounts to 18 per cent of the previous year's net general dollar levy. The 1981 total will be about \$48.9 million, an increase of about 10.9 per cent over the year 1980.

The resource equalization grant attempts to take into account the differences among municipal revenue bases. A grant is calculated by comparing each municipality's equalized assessment per capita to a provincial standard.

Starting in 1981 the residential and farm portion of the equalized assessment is being weighted at 55 per cent of other assessment rather than at 85 per cent as in 1980. This agrees with the actual taxing practices that municipalities have followed over the years. The same principle has been applied to the apportionment of shared costs among municipalities in counties, regions and joint boards areas. Without such changes there would have been dramatic shifts among municipalities purely as a result of temporary fluctuations in property values rather than as a result of the real differences in municipal taxing practices or abilities to pay.

I should mention that the 1981 resource equalization grant contains a significant revenue stabilization component. Our guarantee is that no municipality will receive fewer dollars in resource equalization grants in the first year of the new policy than was received in 1980, regardless of how the new calculations come out. Total 1981 resource equalization grant payments to municipalities, including the revenue stabilization guarantee, came to a total of \$163.8 million, up from \$142.8 million, or 14.7 per cent higher this year than in 1980.

We are now in the final stages of determining the shape of the unconditional grants package for 1982. A number of changes are being considered in order to make the program simpler and thus more understandable to the municipalities.

We are also working out the changes required as a result of the government's decision that the enumeration of populations should be carried out in municipal election years only. Whatever method is selected for paying grants in off years we will be careful to ensure that it does not penalize the fast-growing municipalities of this province.

2:20 p.m.

The complexity of transferring money from the province to the municipalities has, in the past, resulted in some irregular cash flows. Along with the ministries of Transportation and Communications, Community and Social Services and Treasury and Economics, we are now working towards a composite transfer payment system that would result in each municipality getting a monthly cheque by an electronic transfer system.

Initially, we have proposed that unconditional and road/bridge grant payments be made in this way. Those represent about 60 per cent of municipal transfer payments and may be followed by other payments as the necessary mechanisms and safeguards are developed. We have a number of other municipal subsidy and grant programs.

We are taking major steps to compensate municipalities for taxes on lands and buildings:

1. Twenty million, one hundred thousand dollars will go to them in payments in lieu of taxes on buildings owned and occupied by the province. This is an increase of 40 per cent over the 1980 estimates. Also, the Ontario Housing Corporation will pay an estimated \$52.1 million in grants in lieu of taxes in 1981 compared with \$48.3 million last year.

2. An additional \$1 million for a total of \$3.1 million will be used to reimburse municipalities for taxes on provincially owned properties that are tenant occupied.

The ministry provides \$750,000 for two programs that provide management training and experience to students and recent graduates who work in municipal government: the involvement in municipal administration program and the Ontario municipal training program.

This year, the ministry has developed two new programs to help municipalities manage their resources:

1. The municipal energy audit program, which we administer on behalf of the Ministry of Energy, is designed to help municipalities conserve energy. With a total of \$3.6 million over a three-year period, about 60 energy auditors will

be employed to measure and set standards for energy use and to develop mechanisms for reducing energy use. We subsidize up to 80 per cent of the total cost of each municipality to a maximum of \$20,000 in the first year, \$18,000 in the second and \$15,000 in the third.

2. Our new marinas and boating facilities program, announced in July 1981, is part of the Board of Industrial Leadership and Development program. We have set aside \$1 million for each of the next five years to help municipalities enhance the attractiveness and recreational use of their waterways by constructing, improving or repairing municipally owned facilities. We provide a grant of up to 50 per cent of the eligible costs to a maximum of \$50,000 for work on marinas or other boating facilities.

We operate three programs through our subsidies branch that involve private sector clients:

1. The Ontario youth employment program will spend \$26.4 million this year to subsidize employers who will generate an estimated 50,000 new summer jobs.

2. The farm and managed forest tax reduction programs provide rebates of 50 per cent of eligible municipal taxes to the owners of farm land and managed forests. We operate these programs on behalf of the ministries of Agriculture and Food and Natural Resources.

In the area of municipal finance, one of the most important developments in recent years has been the general reassessment of properties within classes which have been carried out at municipal request under section 86 of the Assessment Act.

I think the next statistic, Mr. Chairman, is very important. Some 247 municipalities have now gone through the process at their request and another 100 are scheduled for next year. This has greatly strengthened the fairness and the credibility of the tax bases in those municipalities and set the stage for consideration of municipal tax policy in a much broader context.

One difficult challenge facing municipal treasurers has been the effect of interest rate fluctuations on municipal tax and debt administration. The honourable members will know the government brought in legislation last spring—they supported and they were pleased with it—to tie the penalty rates for tax arrears to general interest rates prevailing in the economy at any specific date.

We are also working very closely with a committee representing municipalities and the investment community to see if ways can be

found to give municipalities the flexibility they need in respect to their long-term borrowing instruments, and thereby save on interest costs. The committee will be looking at municipal debt management practices across the province and advising on changes to relevant legislation.

Lot levies are another issue of considerable interest to municipalities. Existing provisions in the Municipal Act and the Planning Act are not explicit in setting rules and guidelines, which has led to a number of court cases creating a mood of uncertainty. May I say, Mr. Chairman, that I think in 90 per cent or better of the court cases, the municipality has not been successful. Nor does the legislation reflect what is actually taking place in the current agreements between municipalities and developers.

Lot levies are being imposed increasingly on a broad range of development approvals and for a comprehensive set of municipal services. As such, they are becoming an integral and necessary ingredient of municipal capital finance, particularly in the high growth areas.

I believe an early resolution of the lot levy controversy has become a priority for both municipalities and developers and, consequently, for the government of Ontario. We currently are doing everything in our power to encourage consultation in this area. In fact the Association of Municipalities of Ontario is involved in discussions with the Urban Development Institute and the Housing and Urban Development Association of Canada at this very time.

I must say that in the last two or three days, having talked to all three parties, there is a much more common understanding and I think relatively close to full agreement on how legislation should be applied both for the municipalities and the developers in this province.

For a moment, I would like to deal with the subject of municipal management. The last few years have seen municipalities experience changes in their patterns of growth, revenue and expenditures. In many cases the result has been the development of imaginative new techniques to manage better the resources of municipalities.

In a few cases, however, the result has been financial difficulty. Between 1978 and 1980 we were involved in helping 20 such municipalities. In some cases, short-term help was all that was necessary but in others long-term management and planning will be needed to restore the normal, healthy financial base of the communities.

To avoid such things in the future, my ministry has increased its help to municipalities

in the financial management area: We have undertaken a comprehensive review of the audit function; we are currently developing a financial reporting handbook to make the affairs of municipalities clearer to the public; we have increased the number of financial field advisers in the ministry, and we have developed two interrelated systems of early warning of financial difficulty in municipalities.

To help municipalities improve their own management systems, we are developing the Ontario municipal management improvement program which will be offered to all municipalities. There will be provisions for the training of clerks, treasurers and clerk-treasurers of Ontario's 838 municipalities. (Six hundred and eight municipalities have populations of fewer than 5,000 and about half of these have officials in those offices who have not received formal training for the positions which they now hold.)

Financial control and data systems will provide municipalities with more and better information. Improved management systems for human resource planning to zero-based budgeting and comprehensive auditing will be encouraged.

Effective communications with and among municipalities will be enhanced through a comprehensive information exchange to capitalize on new ideas. In addition, other province-wide initiatives to improve local decision-making will encourage joint municipal services and make available improved reference material.

2:30 p.m.

The Ontario government believes it has a responsibility to ensure that municipalities meet minimum financial requirements so as to protect their credit ratings, the provincial credit rating and the community investment of rate-payers.

The linchpin of this system of protection is the financial information return provided by each municipality each year. After analysis, this information is used for a wide variety of decisions from budget policy through grant programs to early warning of potential trouble. This analysis is carried out by the municipal accounting and reporting system, or MARS for short. We have at a reasonably low cost developed the most sophisticated capacity for analysing municipal financial information in Canada today.

It is pleasing that several provinces are discussing with us the possibility of their partic-

icipating in the MARS system. The continued development and expanded use of the MARS base is a priority of my ministry.

As well as its role in municipal policy and co-ordination, my ministry is also very much involved with the actual, physical building of communities throughout Ontario. We think of public housing as being a key role of this ministry and of course it is. But I want to remind the honourable members we are involved in more than one type of housing. We are deeply committed to working closely with municipalities and with the private sector in the planning and development of our communities.

One example of this can be illustrated by the operations of the Ontario Land Corporation, which is responsible for the planning, development, management and marketing of 28,000 hectares of land throughout Ontario. The major project in OLC's portfolio is the new community of Townsend in the region of Haldimand-Norfolk. I believe a number of members had the opportunity of attending there just a week ago today. I think that opportunity likely impressed a number of you.

We are now on the verge of completing our first year of home building and we are moving ahead with the first commercial development, the Village Centre. Haldimand-Norfolk is planning its regional administration offices near the Village Centre. The commitment of the corporation is to ensure Townsend benefits both the city of Nanticoke and the region of Haldimand-Norfolk. We are now committed to participating in a long-range industrial development strategy that should benefit both the new community and the region as a whole. This provincial promise to the future has been well received within that region.

One of our first endeavours in building a whole new community was in Metro Toronto. I am sure I do not have to remind various doomsayers they chuckled at Malvern in its early years. Everyone can see that it is one of our most successful projects and a happy home for thousands of our citizens. There, recently, OLC has co-operated closely with our federal partner and the borough of Scarborough towards development of a major recreational complex in that community's town centre. This complex, scheduled to be completed within the next year, will contain an arena, a library, craft studies centre and a fitness centre with a full range of sports activities.

OLC, as the active partner in the development of Malvern, has completed the sale of a

13.4-hectare site in the core area for a major commercial development as well. That development will include more than 26,000 square metres of retail space plus office facilities. The commercial complex and the recreation centre will provide the foundations for Malvern's town centre and will give the 23,000 residents shopping, recreation and commercial establishments and entertainment of their own.

Malvern is often overlooked when community development is discussed but I think this project has become an outstanding example of the kind of community building that is being done with intergovernmental co-operation and provincial direction.

OLC, of course, is involved with developments such as the Borden farm project in Nepean and Riverview Park in Ottawa. Riverview Park is a site that is being sold by OLC to a developer who will build 164 homes, thus providing much needed housing in an urban setting compatible with the existing neighbourhood. OLC—and I give it a great deal of credit—has worked closely with the private sector, the city, and local residents through their community association, to bring about the positive result.

In the north Pickering area, OLC is working closely with the town of Pickering and will soon be signing an agreement with the community that will see the dedication of slightly more than 32 hectares of land as community space. These lands will be used by the citizens of the town of Pickering for park purposes.

Similarly, in the hamlet of Green River, OLC has co-operated with local citizens and the town on long-term needs. One result has been the decision by the corporation to initiate steps toward dedicating a former church building and about half a hectare of land to meet Green River's community requirements.

Once again, responding to municipal requests from Peterborough, OLC has sold an 8.6 hectare site in the northern part of the city for a commercial centre that will contain some 17,600 square metres of retail space.

In Heritage Green in Stoney Creek, OLC has moved forward with a revised concept for development to meet the growth patterns projected for that area. This concept will create a live-work, leisure-oriented community containing extensive open space together with lower-density housing. It will also include extensive areas for employment opportunities.

As part of that approach, OLC has deeded 23 hectares of land for park purposes to the town of

Stoney Creek together with \$246,000 for development of general recreation facilities. An additional 1.3 hectares of land has been transferred to the town for the construction of a major recreational complex to meet local needs. Construction of this facility should be under way before the end of the current year.

OLC takes pride in the fact it works closely with municipalities in which it owns land. Its objective is to ensure that development plans correspond to and complement the growth patterns of these communities. That is a course which cannot help but benefit both the municipalities and this province. We are looking to the federal government to confirm that close co-operation among all levels of government is the best way of building our communities and neighbourhoods or, in another case, of rebuilding our communities.

I now speak of my ministry's Ontario neighbourhood improvement program. ONIP was initiated this year to take the place of the community services contribution program which was terminated by Ottawa. ONIP was in response to a very significant municipal call for a continuation of this kind of program which assists municipalities in the rehabilitation of predominantly residential areas showing signs of deterioration.

Under the Ontario neighbourhood improvement program, the province and participating municipalities each contribute 50 per cent toward the total costs of improvement projects. Those projects include such things as roads, sidewalks, parks, community centres and recreational facilities to help preserve and improve residential areas.

Unfortunately, the federal government chose to place little importance on such essential ingredients of our communities. As the Premier has said, "The unilateral cancellation of the community services contribution program by the federal government not only made it extremely difficult for Ontario municipalities to continue planning for neighbourhood improvement, but also had serious economic consequences in terms of forgone construction and lost employment."

I want to add something to my remarks on ONIP. I was doing some review on it. We now have some 68 municipalities that have made applications and their requests are something in excess of \$60 million. I hope in the not too distant future we will be able to analyse them, prioritize them and make some announcements.

There are several important decisions affect-

ing community development over fairly large areas that have been made during this year. One of those is the decision to proceed with partial removal of development control over the Niagara Escarpment.

2:40 p.m.

As many of the honourable members may remember, in March of this year, the Niagara Escarpment Commission submitted a proposal for the partial removal of development control for those areas within the Niagara Escarpment planning area, but outside the proposed Niagara Escarpment plan. The proposal contained categories of municipalities for which it would be possible to remove development control. This proposal was reconfirmed by the commission in June of this year.

Following receipt of a progress report on the Niagara Escarpment in May, cabinet instructed the ministry to report on the need to rescind the development control procedure for certain areas lying outside the area of the proposed plan. Cabinet has since agreed that, in the areas outside of the proposed plan for the Niagara Escarpment but still subject to development control, the control regulations be removed on a selective municipal basis in a phased manner.

The conditions set down for the removal of the controls are that the municipality involved has requested the removal of control and that my ministry is satisfied adequate municipal zoning controls can immediately replace that development control.

The priority in the revoking of the regulations will go to those municipalities which have asked for removal of development control. The first group of municipalities, 16 of them, has been identified. Following the instructions from cabinet, I will prepare the appropriate amending regulations for the signature of the Provincial Secretary for Resources Development (Mr. Ramsay).

This action, when completed, will affect about 57,500 hectares of the total 249,000 hectares of land in the escarpment planning area currently under development control. Nineteen of the 32 affected municipalities support this action. The remaining 13 have indicated they would be willing to consider it once adequate local zoning bylaws are in place.

I have asked all municipalities for their help in the revocation of the development control in favour of the adequate zoning control. The Niagara Escarpment Commission will still be responsible for the remaining 192,400 hectares under development control in the area covered by the 1979 proposed plan for the escarpment.

Of course, the most important step in the area of planning is our bringing forward the new Planning Act. The new act is the culmination of an extensive review of planning in Ontario that involved repeated consultation with municipalities and other organizations and the submission of briefs and comments on three separate occasions.

The review began in 1975 with the appointment of the Planning Act Review Committee chaired by Professor Eli Comay of York University. This external committee undertook a complete study of Ontario's planning legislation and practices and, during that study, held more than 75 meetings across this province with interested groups and municipal bodies.

When the committee's report was published in June 1977, it drew more than 350 submissions for evaluation by my ministry. On the basis of that report and our studies, the white paper on the Planning Act was published in May 1979.

The white paper was sent to municipalities and other organizations and was followed by the publication of the draft of a new Planning Act for Ontario in December 1979. When that draft act was distributed for public comment, we received another 350 submissions from various groups including municipalities. Again, revisions were made.

As the honourable members are aware, last week I introduced the new Planning Act that evolved from these steps. The process we followed is an excellent example of how complex and controversial new legislation can be worked out effectively through the co-operation of this government and concerned groups with the municipalities and with the general public.

I might say at this point that the Planning Act has been introduced and I hope it will get second reading in this sitting of the House. I hope the House leaders will find an opportunity to refer it out to committee some time early in the new year so we can get on to the complete review of it and, I hope, the passage of it some time in 1982.

The new Planning Act will replace one that is 35 years old. We are not advocating change for its own sake, for many of the provisions in the old act still work very well and those have been retained. However, there are several important changes in the new act. Those changes include the provision for identifying matters of provincial interest. This will provide municipalities with a clear provincial framework for their planning.

These provincial interests will be elaborated

upon through policy statements issued on specific planning matters such as the protection of food lands or the preservation of environmentally sensitive lands.

When the new act is in operation I intend, as a matter of policy, to delegate approval authorities to regions, counties and cities. This is an expansion of a policy that I extended before only to regional municipalities.

I might add it would only be given to the regions, counties and cities that request this authority. If they meet certain criteria, they will be able to take direct responsibility for more control of basic development activities such as the approval of subdivision plans.

The new act makes it mandatory for municipal governments to be made aware of a variety of provincial actions that concern them. But it frees them at the same time to take care of more of their own planning at the local level and between neighbouring municipalities.

The new act makes the planning process more directly accountable by placing the responsibility to plan with municipal councils rather than appointed boards and clarifies the involvement of citizens in the local decision-making process.

The new act also discontinues petitions to cabinet on planning matters.

Mr. Wildman: Hear, hear.

Hon. Mr. Bennett: I hope that shows in the record. The Ontario Municipal Board will be the final arbitrator on most planning appeals unless a provincial interest is defined in advance. In these cases, cabinet will make the final decision rather than the Ontario Municipal Board.

I think this new Planning Act clearly demonstrates this government's commitment to deregulation and to strengthening the role of local governments in our province.

I have taken action in other areas of policy with an eye to increasing the effectiveness of municipal government while underlining the importance of accountability and openness.

One of those areas concerns the term of office for municipal representatives. My position is that a three-year term of office will allow municipalities and elected local boards to plan better for the future and will give citizens an adequate time period within which to judge the success or failure of policy initiatives.

I have great faith in our municipal politicians and I expect they will, by their actions, quickly convince the public that my trust in them is well founded.

Last week I introduced a revised Municipal Conflict of Interest Act. That bill incorporates most of the suggestions resulting from major proposals for reform by the Association of Municipalities of Ontario, which were endorsed by the Association of Counties and Regions of Ontario and the Rural Ontario Municipal Association.

The revised legislation provides for a clearer and more practical code than exists at present, while retaining the same basic procedure and purpose. Trivial causes of conflict of interest such as membership in a service club or chamber of commerce will be removed. But the penalties will be more severe for those who would seek to use their public office for private gain.

There are other important issues we are studying which I have discussed with AMO and other groups. They include the existence of well over 3,000 special purpose bodies and commissions with significant operating responsibilities in Ontario's local government system. These bodies spend almost one third of the total municipal purpose budget every year.

The government will soon be making a response to concerns for improved financial control and political accountability in local government and we will have to agree on principles governing policy, financial and organizational relationships between municipal councils and local boards for the next decade or so.

2:50 p.m.

Note the next paragraph: We are not talking about eliminating local boards all across this province. But unquestionably there is a need to ensure that municipal councils have more flexibility in this respect and that optional organizational arrangements are available to local government to meet differing local needs and circumstances. As an example, my current proposals in the new Planning Act in regard to the status of planning boards were developed with this in mind.

Just as the planning community has come to accept the value of such proposals, I think other groups relating to other existing boards will see the value of closer and more locally flexible relationships between local boards and their municipal councils.

Compulsory arbitration is another area for study. A top priority for municipalities right now is their labour relations with public employee groups. In 1980, the Association of Municipalities of Ontario submitted a report critical of the present system of police and fireman arbitration

in this province. For some years, the municipal associations have been requesting changes to other labour relations aspects regarding the Police Act and the Fire Departments Act.

We are now considering various municipal proposals on these issues. But let me say that even when some improvements are made, the municipalities must act together, as do the employee associations, to make the best use of the system. The municipalities can and should co-ordinate their collective bargaining and their presentations to arbitrators more than they have been doing in the past. The quality of arbitrators' awards cannot greatly exceed the quality of the presentations made to them by each party.

More openness in the conduct of municipal business is a subject I have addressed. At AMO's founding convention, I urged municipal councils and local boards to be more open. I said that the public's business should be conducted as much as possible in public. If councils and boards do not heed my call for more openness voluntarily, then legislative action might be required.

Mr. Wildman: Pass Marion Bryden's bill.

Hon. Mr. Bennett: We will have a look at it. I wouldn't offer any greater assurance than that at the moment.

In my view, municipal councils are political entities with considerable discretion in policy and administrative matters and are responsible to their electors for their actions. I am reluctant to legislate in this area, but it is my personal preference that local governments should be open, and I believe local politicians who ignore the wishes of the electors in this matter do so at their own peril.

Mr. Wildman: We are in agreement.

Hon. Mr. Bennett: Thank you. I shouldn't have any trouble if I should decide to do something.

Ms. Bryden: You said openness is the rule. If you don't legislate, you don't have a rule.

Hon. Mr. Bennett: Marion, they are as much responsible to the public as you and I are. You remember that they are elected by the same people who have the right to vote on election day. That is the one policy and thing that I have tried to make very clear, that they know what their responsibilities are, and if they don't the electors should remind them very effectively at a certain date down the road.

Mr. Epp: What do you mean here by—

Hon. Mr. Bennett: I will get back to it, sir, unless you want to get into discussion; but I think the hours of the day will be gone. It is up to the chairman.

Mr. Chairman: No. I would rather go right through it. Make notes, if you would.

Hon. Mr. Bennett: The new Municipal Licensing Act was introduced last week, and I hope that it will be enacted before the House rises for the Christmas recess. The act would give local municipalities a greater general power to license businesses. It replaces many specific powers now scattered through several acts in this province.

Bill 147, the Municipal Boundaries Negotiation Act, is a key initiative of this government.

Interjection.

Hon. Mr. Bennett: Thank you. We shouldn't have too much trouble getting all the legislation through this session.

I anticipate that Bill 147 will soon pass into law with the support of all members. What this bill and the recently formed municipal boundaries secretariat represent is a conclusion on the part of the government that the creation of political boundaries is essentially a political and not a judicial act.

I hope and expect in most instances neighbouring municipalities will be able to resolve their boundary differences through the negotiating process and will not have to resort to arbitration. Where did the member for Sarnia (Mr. Brandt) go? He was asking about this a minute ago. Our recent experiences in Brantford and in Barrie indicate that even in the face of seemingly intractable circumstances, solutions are possible.

I have no doubt we will encounter situations in which goodwill does not prevail and in which statesmanship seems in short supply. In those instances, I am hopeful that with patience and hard work negotiations can be successfully concluded. I am an optimist.

In the event that a rural municipality has been denied an opportunity to negotiate because an urban municipality wants to move quickly to an arbitration stage, it will be my policy to inform the urban municipality that no arbitration will take place until I am satisfied that a serious effort at negotiations has been made.

Mr. Brandt, I am reading this for your purposes, sir.

Mr. Brandt: I am bringing you a coffee.

Hon. Mr. Bennett: Thank you.

Mr. Hennessy: What do you think of that? That is pretty good.

Hon. Mr. Bennett: He must essentially agree with this legislation.

An hon. member: He didn't say that.

Hon. Mr. Bennett: I didn't say every aspect.

On the other hand, should negotiations collapse because rural municipalities fail to negotiate seriously or choose to treat legitimate concerns as frivolous, I will seriously consider introducing legislation to effect some annexation.

The legislation, as presently drafted, and the process as it has worked to date, contemplate goodwill and good faith. It is my hope that this will prevail in all circumstances, but if it does not, this government stands ready to act.

The province, the urban municipalities and the rural municipalities have participated as partners to produce a mechanism that is not only conceptually sound, but is accepted by all parties of the municipal world.

Regional government continues to be a topic of interest. Members may be aware that I spent a good many hours and miles visiting with the regional councils, Muskoka council and Metro Toronto's executive committee, this past summer and during the fall. Of the 12 councils involved, I have yet to visit only Sudbury, which I will be doing in January. However, I did get the opportunity to meet with the mayors of Sudbury region just last week. I told them regional government is here to stay; we will not agree to the separation of one or more municipalities from their existing regional structures. Mr. Chairman, you are listening?

Mr. Chairman: I am.

Hon. Mr. Bennett: We will assist the individual regions and AMO in identifying and resolving problems that may exist in the powers or arrangements now in place in each area. In some, the allocation of responsibilities between the upper and lower tier may require adjustments; in others, the methods of sharing costs or administering area-wide facilities may require updating.

The newest regions are seven-year veterans and York, Ottawa-Carleton, Niagara and, of course, Metro Toronto are into or well beyond their second decade. Because each of these regions is different, each has expressed an interest in assessing its structure through a slightly different process.

I would like to take the opportunity to bring the members up to date on several of these

reviews of regional government. The Palmer commission on Waterloo region was the last such review commissioned and paid for by the province, at the request of a regional council. My ministry has been assessing the comments and briefs sent to us on both the review report and on the region's brief to the government. I hope to be in a position soon to announce a package of responses and proposals on behalf of the province on the issues raised in the Palmer commission report.

The three-member review commission, the Gilbertson commission, established by Haldimand-Norfolk regional council, has completed its public hearings and other discussions forming part of phase one of its work. The commission is now proceeding with phase two, developing alternative solutions to problems and concerns raised in the first phase. My ministry will continue to make our staff resources available to the commission.

Each of the five recent major reviews of regional and metropolitan governments in southern Ontario—in Metro Toronto, Niagara, Ottawa-Carleton, Waterloo and Hamilton-Wentworth—has recommended changes in the present system of selection of chairmen.

3 p.m.

There appears to be a growing consensus that chairmen should be more accountable. The fact that they are not accountable to any electorate other than their respective regional or metropolitan council makes many people uneasy, as this appears to be undemocratic. This situation, I think you will agree, is aggravated by the position's visibility and the generally full-time nature of the job.

I have asked my staff to review the current method of selecting the chairman of Metro Toronto and the chairmen of the various district and regional municipalities. I have made it very clear that I do not see a region-wide race for chairman as an appropriate solution to the problem.

Turning to the north, there are three major structural differences between that part of the province and the south. First, most of the land area and as many as 50,000 people in the north are outside the limits of local municipalities.

Second, with the exception of Sudbury region, there is no county or restructured county system which could be called on to provide basic services or advice for small unincorporated communities.

Third, the new procedures for resolving boundary disputes introduced in Bill 147 do not

apply to situations involving unorganized territories since the residents of unorganized territories have no general-purpose elected body to represent them.

Over the past decade, the province has been involved in the study, discussion and implementation of proposals to improve the municipal base in the north. This has led to consolidations of municipalities and unorganized townships in Muskoka district, Thunder Bay, Timmins and, more recently, in certain parts of the district of Parry Sound.

We have been assisting the municipalities of Blind River and Hearst, along with their municipal and unorganized neighbours, to bring the boundaries and the services of the established municipalities more in line with the planning and development realities of the 1980s.

We are now doing detailed servicing and financial impact studies to assist the councils in preparing for the delivery of services to their wider communities. Each project has been public, consultative and detailed, and may lead to legislation in the near future.

In both north and south, a major issue affecting our communities these days is the need for appropriate housing. Throughout North America, householders are concerned about a variety of problems ranging from the cost of energy to the availability of rental space.

My ministry is addressing those issues and many more in a straightforward manner, but I want to suggest that we cannot do it alone. At every step we are encouraging the partnership and co-operation of the private sector, the federal government and the municipalities.

In the early days, Ontario Housing Corporation focused on the production and management of housing projects, which were a response to a very serious housing shortage, especially for low-income families and seniors. I think we would all have to agree we have come a long way.

We now work just as hard to encourage municipal nonprofit corporations to develop their own housing so that low- and moderate-income families and senior citizens have more choice in finding reasonable accommodation. In addition, the ministry now offers financial assistance to private nonprofit and co-operative housing groups who agree to make a proportion of their housing available on a rent-g geared-to-income basis.

We have built or acquired an extensive rental housing portfolio at a cost of some \$2 billion to the taxpayers of Ontario, and are helping more

than 200,000 people who live in assisted housing in some 300 communities across the province, and we are spurring the provision of private sector housing, as well.

The ministry's responsibilities cover the entire spectrum of housing policy affecting all sectors of the housing field. We are working with the private sector to promote increased activity in the area of housing renovation and energy conservation. We are attempting to overcome shortages of rental accommodation in many communities.

Mr. Chairman, let me go into some detail on the provision of assisted housing through our own Ontario Housing Corporation. For the first time in several years, we are seeing the waiting lists for assisted housing beginning to grow. This is in spite of the fact that we have a large turnover in some 94,000 units but we have been and will be acquiring rent-geared-to-income units through our Ontario rental construction loan program. Over the years, our assistance has been directed to those disadvantaged groups in our society who are in the greatest need. In recent years, OHC's mandate was extended to include the physically disabled and, more recently, the mentally retarded.

Ours is no small commitment. At present the Ontario Housing Corporation owns almost 84,000 units of public housing in its portfolio alone and it administers contracts for some 10,000 rent supplement units. The ministry makes it possible for almost 81,000 senior citizens in more than 300 municipalities to enjoy comfortable housing at rents they can afford. The ministry also helps some 150,000 tenants in assisted family accommodation in more than 150 communities. Those families pay rents based on family incomes.

The board of directors of OHC is faced with a number of policy and operating decisions in an ever-increasing constraint environment. Rising energy costs, spiralling rates of inflation, rehabilitation of existing housing stock, and the eligibility criteria for initial and continuing occupancy are a few of the issues that will be dealt with by the board in the very near future.

As I have mentioned, my ministry has extended housing assistance to mentally retarded persons capable of looking after their own needs. I regard that as a major accomplishment and a source of pride, not only for the ministry but for the tenants in our projects who are accepting these new neighbours with an openness that shows quite dramatically the high calibre of our residents.

The success of this program depends to a great degree on the close co-operation of housing authorities and the local associations for the mentally retarded who must assess the ability of applicants to cope on their own. Wherever possible, these new residents are being offered housing in areas close to their training workshops or places of employment and community services. To acquaint our own staff and others with this new incentive, OHC arranged seven workshops for housing authority members as well as representatives of more than 120 local associations for the mentally retarded and local workers for the Ministry of Community and Social Services.

Speaking of our admissions policy in general, I want to note that a change was made this year. OHC's point-rating system was revised so that financial hardship is now the major factor in determining priority on both family and senior citizen waiting lists.

As you are aware, OHC's assisted rental housing is allocated, traditionally, on the basis of need rather than on the date one applies for housing. Need has been based largely, in the past, on the quality of housing in which people were living when they applied for an OHC unit. But a number of tenant groups have told me that the cost of housing, as much as the quality, is a severe problem now for low-income families and seniors. OHC developed distinct point-rating systems for housing which take into account such items as rent, income and health, as well as housing conditions. Under the revised family point-rating system, 44 per cent of the points available relate to an applicant's income and shelter costs compared to only 30 per cent under the former system in Metro Toronto and 16 per cent in the rest of our province.

The updated senior citizen point-rating system continues to place the greatest emphasis on such financial items as income and shelter costs in assessing need for assisted housing. The percentage of points awarded for such items was increased from 47 per cent to 60 per cent. I am confident these revisions to the system will ensure housing assistance will be provided to families and seniors in the greatest need.

3:10 p.m.

This is the first year in which all of OHC's assisted housing units are being managed by members of Ontario's 61 local housing authorities. New housing authorities were created in the regional municipalities of Peel and York. The Ottawa-Carleton Housing Authority was created by the amalgamation of the Ottawa

Housing Authority and OHC's direct management portfolio in that region and, in the same period, the Perth county and Stratford housing authorities were amalgamated into a single housing authority.

This year marks the completion of a seven-year process of decentralization of the management of OHC's assisted housing portfolio. The intention of that process was to place the day-to-day management decisions of operating our public housing in the hands of people who have an intimate knowledge of their communities and of the people who live there. This management concept pays off with positive action for our residents, particularly during the difficult moments that arise from time to time in local areas.

To illustrate, I want to point briefly to the actions of the Sudbury Housing Authority during the eight and one half months long strike at Inco in 1979. During that prolonged strike, a number of tenant families began falling into rent arrears. Rather than pursuing these tenants with notices of eviction, the housing authority helped them over a very difficult period by developing a special rent arrears payback schedule. I have in my files a recent letter from the housing authority that says all 46 families involved have paid their arrears in full and on time according to the special schedule developed.

As well as fostering this kind of sensitive local management of OHC projects, my ministry is encouraging municipal nonprofit corporations to develop their own market rent housing, which contains a rent-geared-to-income component. The vehicle is the municipal nonprofit housing program. We have introduced a system of interest-free loans and grants for municipalities wishing to provide nonprofit housing for the first time. Grants of up to \$5,000 help municipalities assess how their housing requirements can be met under the program. There is also provision for additional interest-free loans for technical consultants' contracts. These loans are repaid at the time of the first mortgage advance.

Mr. Philip: How many have taken advantage of that?

Hon. Mr. Bennett: I will have to get you the numbers in my book here. I would say a dozen or so.

Mr. Philip: We will get that later.

Hon. Mr. Bennett: I will have more to say about energy projects later, but I want to note that the Ministry of Energy is providing funding

for active solar heating projects in new municipal nonprofit housing developments. Next year, we are expecting the first project of this type to come on stream, containing a solar-energy domestic hot-water heating system.

In addition to working with the municipalities, we are also working with the so-called "third sector" of the housing field, that is the private nonprofit and the co-operative housing groups. We are offering them financial assistance so that these groups may allocate units on a rent-geared-to-income basis. Unlike the regular rent supplement program, which involves federal and provincial subsidy sharing, Ontario is paying 100 per cent of the difference between the geared-to-income charges and the full market charges for this housing.

As the honourable members know, OHC's construction activity is limited at the present time but the corporation still develops much-needed housing in smaller communities, over and above the 94,000 units in OHC's administration at this time. Municipal nonprofit corporations as well as private nonprofit and co-operative housing groups are also serving the needs of the low and moderate income residents. A recent survey shows that 73 per cent of the residents in both municipal and private nonprofit and co-operative housing units earn less than \$15,000 a year.

I would like to stress again the co-operation we are finding among the various sectors, both public and private. I think there is a concerted action by most of the bodies and groups in this province to find ways to meet and to overcome the problems of the 1980s. Sadly, there are a few instances in which that spirit of co-operation has been lacking. I speak, of course, of the provision of more rental accommodation in various centres throughout this province, and of the federal government's reluctance to recognize the importance of its help in meeting that critical need.

The latest Canada Mortgage and Housing Corporation figures for vacancy rates for privately initiated rental units show the city of Hamilton at 1.1 per cent; Kitchener at 1.6 per cent; Sudbury at two per cent; and Toronto at 0.4 per cent. A vacancy rate of about three per cent is generally considered desirable. That, I might say is not always applicable in a market as substantial as Metropolitan Toronto. As the honourable members are well aware, through much of this year, we have been attempting to overcome these severe shortages of rental housing by providing incentive loans to builders prepared to bring new units on stream. I am

speaking about our Ontario rental construction loan program.

But the development industry is being hampered by the federal decision to insure only low levels of mortgage loans. We have asked Ottawa to help ease this situation by returning to higher ratio mortgage loans of 70 to 75 per cent, but the mortgage loan insurance being offered remains in the 50 to 60 per cent range. Naturally, faced with high interest rates, developers are reluctant to go ahead with their projects in spite of our incentive loan offers.

What is desperately needed is an amendment to the National Housing Act that would allow CMHC to increase the mortgage insurance ratios through increased premiums. I say very sincerely that it is my hope that such an amendment will be made in the House of Commons some time this session and, indeed, the sooner the better. Breathing new life into the National Housing Act to make it relevant to the 1980s would benefit the people of not only Ontario but the rest of Canada.

As for our own efforts under the Ontario rental construction loan program launched at the end of January, we have been able to spur the building of about 7,000 units. This is not an insignificant figure, especially for a program that is only nine months old. It does represent about 50 per cent of the total anticipated rental starts in the province this year. Our original target was 10,000 rental units under construction by the end of 1981. Originally, each of these 10,000 units was to be assisted by a \$4,200 interest-free loan from the province.

The response from the building industry was so enthusiastic that in March the province made an additional \$21 million available to increase the target to 15,000 units. The idea was to ease not only the shortage of rental accommodation but some of the effects of a slowdown in the industry by generating about 52,500 man-years of employment in the construction industry and related trades. Enthusiasm dissipated as interest rates rose. During the summer, we varied the loan to \$6,000 to keep pace with the rates. Rates jumped again. We adjusted the program to match interest rates of up to 18.5 per cent and enriched the program to \$90 million.

We asked Ottawa for some solid support. In spite of our efforts and our deep commitment, Ottawa has not changed its policy, although I must say I am very hopeful, according to some of the rumours we have been hearing of late, that the federal budget will address the issues of high interest rates, CMHC mortgage insurance

and the extension of the multiple-unit residential buildings tax provisions, which are an incentive for rental housing construction.

May I say, Mr. Chairman, that at the moment we are the only province that has tried to bring some kind of a program on stream to stimulate rental construction. It intrigues me in recent days that the CMHC president now admits there will be a rental unit shortage. For a long time the corporation has been reluctant to acknowledge it, and I hope that with this new-found knowledge we might find some movement in the federal budget in the next week or so.

We are looking forward with a degree of anticipation to the federal budget to see if it has any measures that will have an impact on some of our programs. Perhaps some re-evaluation may be in order at that time.

3:20 p.m.

With 7,000 units actually started, there is definitely great interest out there. We have received applications covering some 21,000 units. The Ontario rental construction loan units not only will house people at market rents but will include units for rent-geared-to-income families and seniors and also units for the physically disabled. This is one of the program requirements. I sincerely hope that the federal government comes to see, as we do, the great need to create a better environment for the construction of rental housing.

On the ownership side of the coin the Ontario Mortgage Corporation has renewed about 6,200 mortgages in the current year. Until July 1 the Ontario Mortgage Corporation's renewal rate was 13.5 per cent to 14.5 per cent, depending on the term. Effective with loans maturing July 1, OMC's renewal rate was tied to the Canada Mortgage and Housing Corporation's section 58 rate of the National Housing Act. Depending again on the term of the mortgage, the formula calls for interest rates ranging from 2.5 per cent below the NHA rate to 1.5 per cent below the NHA rate.

OMC is involved in the Townsend community in the mortgage financing of 85 homes. A total of \$5 million at interest rates of 14 to 14.5 per cent was committed in June. These funds are made available from Ontario Mortgage Corporation's earnings from operations.

For many years now my ministry has been encouraging various forms of community improvement and housing renewal. Much of this encouragement has been through literature, meetings, forums, seminars and awards programs as well as through grants and loans to

municipalities. In 1976, for instance, we concentrated attention both through the year and at our annual forum on business improvement schemes, in 1977 we focused on downtown revitalization schemes and in 1978 we focused on main street revitalization. In 1980 the Ontario Renewals forum covered the whole aspect of community improvement, residential and nonresidential.

This year we made our main street revitalization program available to more municipalities by raising the eligible population limit from 10,000 to 35,000. Under Experience '81 we provided funding so that various local agencies could hire 160 students to assist in community renewal projects. We held workshops and made some changes in legislation to spur interest and action in renewal of our existing buildings.

My staff has put a great deal of effort into compiling data on the renewal of housing, on the improvement of communities and on setting our own guidelines that can be used by municipal governments, planners and builders alike. We have prepared a glossary of terms used in the renovation field, which we released this morning. I think it is long overdue because, if I can just take a minute to say this, the word "renovation" seems to have one meaning to one group of people and an entirely different meaning to another group of people.

That is a complication experienced not only Ontario but, indeed, all across North America. No one seems to have taken the time to try to put the terms used in the renovation field down so that there would be a common understanding. I must say that the major organizations we have consulted with so far have agreed and are very supportive, although it has now gone out for public review to see what the reaction will be.

Mr. Philip: It's not in printed form, then, is it?

Hon. Mr. Bennett: It will be. We have the initial report, which will go out now in printed form to the public. Right.

Mr. Philip: We will get copies of that?

Hon. Mr. Bennett: Yes.

We are conducting a study on zoning bylaws that they relate to housing renewal and energy conservation. I am sure those who have been in the municipal field will know that it can sometimes be a very difficult challenge to try to make more effective use of some of the housing stock we have in this province.

We are looking at the possibility of establishing a renewal resource centre. We have demonstrated projects under way to show the meth-

ods and benefits of rehabilitation and energy conservation in housing. The house that will be used this winter as an actual demonstration of how to do renovations and rehabilitation as a direct relation to the consumer will be right here in the city of Toronto.

We have inaugurated an awards program called the Ontario Renewals Award, which will identify and recognize groups, firms, individuals and municipalities that have made outstanding contributions to building rehabilitation.

In the new Planning Act there is a requirement that a municipality include comprehensive community improvement policies in its official plan if that municipality wants to make use of legislation and provincial funds for community improvement programs. We call this provision of the Planning Act the community improvement strategy, and it shows that we believe community improvement, renewal and rehabilitation should be important components in the planning of any residential, commercial or industrial area. Planning does not mean the tearing down of a community to start over again; planning these days should mean revitalization as well as construction.

Along with renewal, of course, we are stressing the necessity for energy conservation in all our housing projects and, indeed, in all our structures, whether they are new or old. The Planning Act, in fact, identifies as a specific provincial interest the supply and efficient use of energy and the conservation of energy. I am very pleased to say that, in co-operation with the Housing and Urban Development Association of Canada Ontario Council and with some 34 other agencies, my ministry has sponsored a forum called Building Towards 2001. This very successful conference, which concluded today, has heard from more than 120 experts from around the world who spoke about housing, community renovation and energy conservation.

We think that a great many of our housing needs in the future will be met by better use of the housing stock we have today. Through the forum that ended today we are encouraging builders, municipalities and others to develop the infrastructure we will need for the housing requirements of the future.

For the first time people are seeing new construction and renewal in the same light: consumers are just as interested in fixing up as they are in moving up. In fact, a report commissioned by my ministry shows that fewer people expect to move during the next five years

than actually did move during the last five years.

Mr. Philip: They can't afford to.

Hon. Mr. Bennett: No, I don't agree with that completely.

This report, prepared by the Longwoods Research Group Limited, is a study of public attitudes towards and perceptions of housing in Ontario. As far as we know, it is the first survey of its kind to be carried out. According to this study, people felt that the best way to meet future housing needs is to repair and upgrade the houses we already have. There are about three million homes in Ontario, and about 25 per cent of those need some repair. Obviously, there is a market there for the private sector, which must develop expertise to save and to serve that market.

The Longwoods study also found that a majority of people surveyed felt they would be moving into smaller homes in the future. My ministry has been investigating the potential for dividing up existing buildings to provide more housing units. And may I say that the smaller-home phenomenon is not characteristic only of Ontario or Canada; in the building industry in the United States their survey over the last year is a clear indication that this market is also moving to smaller living units.

Between now and the turn of the century billions of dollars will be spent across Canada to renovate existing buildings. That is a huge market, and much of that spending will take place right here in Ontario. That amount of renovation can provide us with a great number of housing units and much-needed employment. That is why my ministry feels that this whole area of renewal will deserve a great deal of attention in the coming years.

We are quite proud of the fact that in the past seven years our Ontario home renewal program has enabled 35,000 home owners to fix up their houses. And, as you know, the program helps people whose family income is \$15,500 or less after allowable deductions to upgrade and repair their dwellings to local standards. We are also proud of our energy conservation efforts. In this area we are providing encouragement and information that should lead many home owners, building managers and contractors to take energy-saving measures to heart.

3:30 p.m.

We have started a project to bring home to people the practical advantages of caulking and weatherstripping their houses before they look at their insulation and heating systems. Research

shows that annual home heating costs can be reduced by 10 to 20 per cent when air leakage from the house is stopped or reduced. It would represent a tremendous fuel saving for the province if all three million homes were properly sealed against the elements.

Our project will see 15 homes in each of four communities caulked and weatherstripped under our supervision. These homes are located in Sault Ste. Marie, Ottawa, Cambridge and Peterborough, to get a representative mix of climatic conditions. We will be able to demonstrate quite graphically just how much the average home owner can save in energy if he or she follows our lead in this very basic conservation technique.

In Toronto we are developing a demonstration house that will show how renovation and energy conservation can go hand in hand.

We are working with the Canadian General Standards Board and the public sector to have contractors certify their insulation work and to increase the public's awareness of high-quality workmanship.

We are training various individuals, from builders to property standards officers to inspectors and others, in the latest techniques of renovation and energy conservation, and we are providing a large amount of information on energy conservation to interested parties. In addition, we are developing options to the Ontario Building Code for use in the renovation of existing residential buildings and for accompanying energy conservation measures.

Our studies have shown that there is great potential for energy savings in large apartment buildings. For the past year we have been conducting energy audits, workshops and monitoring at 18 high-rise rental accommodation and condominium buildings in Ontario. The owners of the buildings spent an average of \$2,000 per building to buy controls and to make repairs to boilers, garage ramp heaters, corridor ventilation systems and so on. For this minor outlay, over the nine-month period for which figures are available, the owners realized net savings of \$67,000, or an average of well over \$3,500 per building.

Another study done by the ministry has revealed that as much as 15 to 20 per cent of the energy used in a conventional subdivision can be saved through careful community planning at no extra cost to the developer or the future home owner.

Various other energy-related studies are under way within the ministry, and I am certain they

will demonstrate to the public and the private sector alike the benefits of energy saving and of the rehabilitation of existing structures. I know that many municipal governments are emulating the provincial government's success in reducing its own energy consumption, and they are to be congratulated for their efforts.

Funding is available for land-use planning studies aimed at energy conservation in the community. The ministry will consider any energy conservation study that has land-use implications. These grants are designed to assist municipalities with populations of more than 15,000. Smaller municipalities can apply for community planning study grants for similar assistance.

Mr. Chairman, I have now given the honourable members, I hope, a fairly complete picture of our efforts to make Ontario communities comfortable and appealing places in which to live. At the same time we are doing all we can to encourage local government to become more self-reliant, more efficient and more responsive to the needs of its citizens.

I am sure there is much more to be said: more about the concerns for the people we serve as reflected in ministry policy, more about the renewed sense of dedication and provincial-municipal co-operation that is developing because of the new team we are forging. But I am sure that some honourable members are anxious to proceed, so I am delighted to put this report in at the beginning of our estimates for 1981-82.

Mr. Chairman: Thank you, Mr. Bennett. I am sure it was such a concise report that it will cut the discussion very substantially.

Mr. Wildman: In terms of time.

Mr. Brandt: It certainly covered the waterfront.

Mr. Chairman: Mr. McEwen, you are critic for municipal affairs, is it?

Mr. McEwen: I am critic for housing.

Mr. Chairman: Would you like to make a statement and perhaps ask any questions?

Mr. McEwen: Yes.

Mr. Chairman: I might suggest in terms of the questioning that if each critic will go through his list of questions, then all can be answered at one time. Is that satisfactory with you?

Hon. Mr. Bennett: It is fine with me.

Mr. McEwen: It is very interesting to sit here for an hour and 35 minutes or so. I was expecting to hear something today that the

minister had decided to provide housing at reasonable rates, or take the responsibility for reducing interest rates in some areas.

While it was interesting to listen to the complete presentation, being that I have had some experience in local municipal government, it is very interesting to hear the changes being proposed. I imagine there will be much said about that by my associate, Mr. Epp, in regard to the municipal affairs comments. I am interested in discussing the housing issue in the present and the future. I might read my comments that I have prepared.

I just want to say it is a pleasure to take part in the housing spending estimates again this year and for two reasons in particular: First, I trust the minister listened to concerns I voiced a year ago in these estimates, and it will be interesting to make note of what progress has been made by the minister in the last 12 months.

Second, with the continuing slump in the housing industry, the inability of increasing numbers of families to afford the purchase or maintenance of a home and the warning calls we are hearing from builders, home owners, tenants and the press, you as the housing minister have reached that critical point where you are either going to be part of the solution or part of the problem.

Let me begin by reviewing some of the remarks I made last year in light of today's events.

Last year we noted that actual housing starts in Ontario had consistently fallen short of your targets, and that what we are seeing from you were downward shifts in your targets in response to reduced starts after the fact.

You fell short of your 1975 target by 10,032 units, and the 1977 Brampton charter target has not been met in any year since 1977. I note that your ministry's 1978 prediction that we would need 154,000 units in 1980 and 1981 in order to keep supply and demand in relative equilibrium will not be met, and in fact we will only achieve roughly half of that figure. Your own December 1979 prediction of 65,000 starts in 1981 is obviously high again by 20,000 units.

The point is that while there may be some public relations merit in hoping out loud, you have consistently failed to meet your supply targets. At a minimum, this reduces your credibility and that of your government and it obviously makes strategic planning on your part an after-the-fact exercise.

I turn to your most recent projections. Your forecast starts earlier this year in the 46,000 to

51,000 range. Then in September 1981 you reported that Ontario would need an average of 64,000 starts for the five-year period beginning this year. The Housing and Urban Development Association of Canada's estimate for this year is 42,000 and it looks to be about right. That means you have missed the mark in terms of the need-supply gap by 22,000 units or 34 per cent. Both a slowing in the rate of household formations and the net out-migration of Ontario to greener pastures should not be so difficult to see, Mr. Minister.

3:40 p.m.

Last year we also cited some startlingly low rental vacancy rates in Ontario cities which were hurting the industry and limiting the choice of tenants in the marketplace. In April 1980 the vacancy rate in Metropolitan Toronto stood at 1.1 per cent. A year later it dropped to 0.4 per cent. You might be aware that Canada Mortgage and Housing Corporation now estimates that 19 of the 22 urban areas will have a vacancy rate less than the comfortable three per cent by the end of this year, and that 12 centres will have rates below one per cent. The CMHC regional manager sees a need for more rental units in almost every Ontario city save Ottawa and Windsor. This situation has deteriorated badly over the last 12 months.

We advised you last year of our concern that some Ontario-based builders were actually planning more starts in the United States than in Ontario. Not only does that situation remain today, but even many of the small builders who make up 95 per cent of the builders and who choose to work in Ontario are feeling the pinch. I cannot find one public signal from you that we want Ontario builders to build in Ontario.

Last year we suggested to you that the number of potential first-time home buyers, who are one key to fuelling the industry, have declined sharply because of the relative increase in incomes and house prices, and we suggested that in 1981 house prices would rise faster than inflation and the ability of even more people to pay.

Recently, CMHC calculated the percentage of renters under 45 years of age who could afford to buy an average-priced house. At 19 per cent interest rates, only 15 per cent of Hamilton's renters now have that luxury. In Toronto only 8.7 per cent are so blessed. While I will have more to say on this later, suffice it to say that you are overseeing a significant and rapid increase in the gap between the wealthy and the

lower and middle classes in Ontario. Instead of watching, you should be making every possible honest effort you can to remedy that shift.

Mr. Chairman, having looked at the past 12 months, I wish to direct my remarks to five matters of current significance: the state of the industry; the question of affordability of housing for renters and owners, and particularly the emerging issue of condominium conversion; the minister's tendency to lay the blame for Ontario's woes on Ottawa's doorstep; a few comments on the policy directions of the housing wing of your ministry; and a few particular matters relating to municipal affairs.

It should come as no surprise to you that the housing industry continues to experience hard times, not only in financial terms, but in the uncertainty it faces as a result of lack of government leadership.

Even if we reach HUDAC's prediction of 42,000 units this year, that would represent about the same production as last year, which was the worst for Ontario in 17 years. Urban rental starts were only 3,000 for the first half of 1981, which is obviously unacceptable. Profit margins will fall again this year to the three per cent range, down from averages of five per cent in 1978 and 10 per cent in 1975. This means layoffs. The Toronto Home Builders Association estimated last month that they foresee the potential loss of 17,000 industry-related jobs in Metro this winter. That was in the *Toronto Star*, October 26, 1981.

HUDAC estimates 45,000 man-years of employment lost this year by reason of the shortfall between demand and starts. Make note of that remarkable figure, Mr. Minister, and bear in mind that Ontario's economic climate draws both builders and skilled tradesmen away from Ontario, thus worsening the problem.

I note too that a number of builders registered under the home warranty plan has dropped from 1979 to 1980, and that the executive director sees a terrible fallout of the small builders—the small businessman who forms the backbone of our economy.

It is clear that the cost of money and the economic effects of that cost are the major inhibiting factor to the industry and that the minister has decided that his best response is to deflect the issue—and of course the political problem—to Ottawa's doorstep. It is equally clear, however, that posturing of that sort has not and will not do a thing to turn the tide in Ontario.

Mr. Philip: Trudeau will not listen.

Mr. McEwen: The Premier should ask him.

We continue to witness the yearly decline of a highly productive sector in Ontario, one that has gained some international reputation. Solutions to that require more than staying out of political trouble. We need a kind of concerted positive action that we have not seen from the minister in 1981. You have taken action in the municipal area but not in housing. I spoke at length last November about the slump in the housing industry, a matter over which you have considerable influence, and I fear we will be talking at length again next November about the same situation.

I want to talk about Ontario's dream of owning one's own home and the Ontario reality of shelter costs. In April 1981, Metropolitan Toronto reported that the average Metro family could no longer afford to purchase the average Metro home. The difference between average incomes and costs was \$9,000. In August 1981, the Metropolitan Toronto Social Planning Council reported that the costs of family shelter had gone up 53 per cent in Metro during the last three years. You will know that the average wage increases over the last three years do not approach 53 per cent. You also know that the real purchasing power has declined for many people.

The sheriff's office reports some 260 court-ordered residential foreclosures in Metro alone this year. Central Mortgage and Housing Corporation has already taken back 431 houses as of September 15, 1981, and at least 500 homes have been repossessed in Windsor this year. At least that is one place where you do not have to worry about the rental shortage.

The Mortgage Investment Corporation calculated only two weeks ago that given the average cost of a Toronto home at \$100,000, a prospective buyer needs either a \$50,000 down payment and an annual income of \$37,000 to buy that house, or a \$20,000 down payment and a \$60,000 annual income. You need to be reminded that most young middle-class Ontario families hoping to buy housing are not even close to either of those figures. In fact, price escalations are worsening even this situation. The percentage of Metro Toronto houses selling in excess of \$170,000 increased from 2.2 per cent of sales last July to 9.5 per cent this July. For some who purchase out of either frustration or the strong desire to own a home, the financial loss and family strain can be worse than the disappointment of not owning.

Mr. Minister, I have noted your response in the House to this crisis—and it is a crisis. It

seems to have three parts. First, people should live within their means or "tough it out." Those were your words. Well, I am telling you that too many people who wish to buy a home do not even have the option any more and I for one would hate to think that Ontario did nothing while the dream of ownership and its important social and economic benefits slipped away.

Second, you tell people that there are cheaper units somewhere near Bramalea perhaps and they should buy there. Well, I tell you that housing demand and choice is not completely inelastic to location. How would you respond if you were told the best answer I had to your problem was to tell you to move out of your own home town. The hallmark of consumerism is choice in the marketplace.

Third, you respond by saying Ottawa is to blame. Ontario is not the only province in Canada. You might take note of the fact that seven of the other provinces have undertaken their own mortgage assistance programs for home owners and first time buyers. You know that 62 per cent of those surveyed by Longwoods this summer favoured some financial help. In Ontario—with millions to spend on Suncor—the government cannot help out.

3:50 p.m.

In fact, I do not even see the Ontario Minister of Municipal Affairs and Housing standing up and pitching for the continuation of the registered home ownership savings plan, or actively looking for solutions to the escalation of housing costs resulting from speculative foreign investment in land, or expressing his desire to go to bat for the 30,500 Ontarians who will be paying in excess of 30 per cent of their gross income for shelter at today's interest rates.

I do hear that Ottawa has failed to do this or that, and I do hear you telling the public as you did in Ottawa on January 8, 1980, that mortgage lenders will be sympathetic to people renewing mortgages. Mr. Minister, when they can get 20 and 25 per cent, they are not going to be sympathetic. Certainly your public profile on behalf of Ontario's homeowners and potential buyers is a liability these days.

I note that some of the new residents of Townsend might disagree with me on this point. They have Ontario Mortgage Corporation mortgages at 14.5 per cent, which are clearly a form of subsidy to those people. That is fine, it is wonderful to see them owning a home, but you should let the rest of the province own homes as well. Your choice of who you will help however,

even on this small scale, for it is not the poor or the needy, is completely haphazard and hardly equitable or fair.

The current need for new rental units is significant. In Metropolitan Toronto the minister has predicted a deficit of 50,000 rental units by 1985. An estimated 17,000 units are now needed to return the vacancy rate in that marketplace to a comfortable 2.5 or 3 per cent. The Ministry of Municipal Affairs and Housing estimated that in 1978 an average 20,000 new rental units per year would be required between 1976 and 1981 to meet Ontario's demand. Rental starts have not reached that level since 1974 and the minister described rental production as at a virtual standstill in November 1980.

The Toronto Home Builders Association was right when it predicted that in 1981 we would see the tightest rental market in more than two decades. I have already noted the CMHC estimates for rental vacancy rates in Ontario and they are terrible. Two weeks ago, Mr. Hession talked in Vancouver about the crisis in rental supply and he said it would soon be a greater problem than mortgage renewals.

This is one area you have moved in. I think you share our view that an adequate supply of rental housing is one good form of protection for tenants against escalating rents. The Ontario rental construction loan program of January 1981 has had some good success on a province-wide basis but has failed dismally where it is needed most. After 10 months, we now have a total of 10 units approved in the city of Toronto which is nowhere near the rental production of the city itself. It probably is not useful to debate whether the units approved in Peel, for example, would have been built without the plan anyway. What is instructive to me is the comment of the president of UDI Ontario who summed up the program with the words "big deal," and the remarks of the chairman of Canada's largest home builder, Bramalea, who said recently that "the whole plan is in jeopardy."

The point is that the plan probably nudged those who would have built anyway to build. What remains, however, is that the plan did not produce where it was needed most. I found your press release defending the failure of the plan, the reason being that CMHC did not insure loans to the degree they used to when OHC was a builder, misses the point. First, interest rates are a real problem, not the degree of mortgage insurance.

Hon. Mr. Bennett: It was not OHC, it was a general rate across the industry. It did not relate to OHC.

Mr. McEwen: You should be on the warpath against these effects. Second, mortgage insurance is still available from the private sector. Third, the degree of mortgage insurance probably plays an insignificant role in Metro Toronto and other urban centres where assistance was needed most and where you have failed to put together a package that had any effect on vacancy rates.

I noted your decision in September to raise rents for 67,000 senior citizens because you could not afford \$13 million to help your own tenants in these difficult times. That you can, as a government, decide to spend \$10 million on a jet for the Premier but conclude that the taxpayers cannot afford \$13 million so seniors will not slip further behind is callous and really speaks to some terribly misplaced priority.

As a final note on the rental situation, I want to point out to you that there is an obvious need for the development of a provincial policy in the conversion of rental units to condominium units, because the problem of the failure of this government to produce sufficient rental units is now being compounded by the threat of the loss of the affordable rental units we already have. The trend to conversion is clear in most American cities such as Chicago, where 89,500 units have been converted since 1973; San Francisco, where 10,000 units have been converted, and Boston, where almost all of the downtown apartment units have been converted.

We know our numbers are not of that dimension. The point is that the city of Toronto's attempt to prevent the further loss of affordable rental housing has been declared ultra vires, and we just cannot afford to lose any more rental stock with vacancy rates as they are.

The minister should know that other Ontario municipalities are also struggling with the problem. For example, Kingston has imposed a freeze on all conversion applications that it recommends to you. Barrie has a policy which requires 80 per cent of the tenants in the affected building to agree to the conversion before the council will consider it.

We cannot worsen the rental supply by failing to protect what we have. Even the Ontario Municipal Board, in a recent decision relating to an attempt by another municipality to pre-

vent the loss of affordable apartments, noted both the absence of and need for provincial policy in this regard.

I trust you will look into this situation immediately. No doubt my colleague Herb Epp and I will soon be releasing a policy proposal of our own.

Let me turn briefly to the minister's tendency to blame somebody else, namely Ottawa, for all his troubles. I have touched on this earlier, so I will be brief. Ottawa has allotted funds for 7,500 new housing units this year and recently increased by 2,500 the number of social housing units it subsidizes this year, 900 of which are in Metropolitan Toronto. Ottawa's multiple-unit residential buildings program will result in some 4,500 new units in Ontario this year. While I am not going to tell you that the policies of the federal government have not had their negative effects as well as their positive effects in Ontario, I am going to tell you that blaming Ottawa only goes so far.

On October 2, 1981, Alberta put aside \$200 million to provide subsidies to families and loans to builders. Quebec continues to offer low-cost loans of up to \$10,000 to home buyers. The point is that you are not helpless. You can act; you have shown that. The minister might remember when Ontario acted in the 1960s, and OHC actually accounted for 12 per cent of the building starts.

My reading of public opinion today, though, is that you have damaged your credibility as an actor for the people of Ontario because of the well-publicized home ownership subsidy from Ontario taxpayers, one that is not related to need and that is one you arranged for yourself.

Let me remind you of your May 30, 1981, remark to the *Toronto Star*. You said, "I am sure not going to get into the position of raising taxes and telling an old age pensioner he has to subsidize some young couple who want to live in a big house downtown." Well, if we concede that you are still a young man, you are now precisely in that position.

It is hard, I think, for Ontario people to think they have a housing minister who is concerned with their best interests first and who will do more than blame somebody else for their problems. The record will show that your most fervent passion was directed at subsidizing your own potential capital gain and not obtaining help for people most in need.

I want to tell you that blaming Ottawa just is not good enough. For the first time in my memory, I am hearing some of your friends talk

about the prospect of social unrest as a result of housing costs. Klaus Springer talked on October 8, 1981, of "social unrest." Dick Shiff spoke on August 20, 1981, of "social conflict." Ben Swirsky talked this summer about the prospect of squatters in new projects if things do not improve. Frank Clayton spoke on October 4, 1981, about the housing situation being the most serious one since the Depression. The Conference Board in Canada recently reported that a record few consumers believe it is a good time to invest in housing.

4 p.m.

Let me add that a failure to act also serves to force a wider wedge between the rich and the poor in society. It is essential that you not be satisfied either with personal gain or the ability to deflect the problem somewhere else. It is essential that you act.

I want to make some general comments on the variety of activities of the housing side of your ministry. I think the directions you have taken to promote downtown revitalization are good, in view of the cultural and heritage aspects of downtown and the economic threat that suburban development can have. The advisory and funding initiatives in energy conservation, neighbourhood improvement and community planning also make sense.

The recent attention you have given to the renovation of older homes, while laudable, comes at least 10 years after the trend first developed in Ontario and the movement was fully fledged before your ministry began to tail on to the end of it. I would caution the minister to be very careful in his johnny-come-lately position not to stifle the renovation trade that has developed. Guidelines or other legislation sometimes have the effect of stifling the exciting and innovative activity that already exists. I see you have taken some action. That is very good.

I would also draw to the minister's attention that to date, his ministry has paid virtually no attention to the plight of those who are displaced by the rehabilitation of buildings. These people must not become after-thought victims. They must be considered as an integral part of any renovation policy that you devise. To date, they have not. I would refer the minister to the city of Toronto, deconversion report of June 1981 and the Truman and Jennings report to be released shortly.

I wish to make only three brief comments on certain municipal matters on the public agenda.

First, I am pleased that you have finally introduced a bill to create a new Planning Act

for Ontario. The review process leading to the introduction of this bill has been a good one and I trust in due course we will have in place a new Planning Act, of which we can be proud.

However, I did read, in relation to the city of Kingston, that your ministry would be the boss. Not those exact words, but that is what it meant. I wonder just how much authority you are really going to give the municipalities. I have heard this for years and years: "We are going to give the municipalities more strength, we will let them decide their own development, et cetera, et cetera." But it really never happens and he knows that too.

Hon. Mr. Bennett: Did you listen to my remarks this afternoon?

Mr. McEwen: Oh, yes, I listened. I am going to read them again.

Second, I, along with others, have noted your preference for openness in government at the municipal level, and at the same time your unwillingness even to talk to municipal politicians who disagree with you on the merits of regional government. If we have reached the point where one who disagrees with you, no matter how severely or profoundly, cannot have your ear, then we have reached a sorry state indeed.

About the openness in government, I would like to see in the municipal changes you are making, openness in councils and I agree with that. Every council should be wide open and so should your ministry and the \$650-million expenditure should be open to the members of this Legislature and also to the public in Ontario.

Mr. Philip: We sure saw a sign of openness this morning.

Mr. McEwen: Yes we saw it in action this morning.

Third, you should be familiar with the terrible plight of hundreds of ex-psychiatric patients who cannot find decent housing. I would urge you, along with the Minister of Health (Mr. Timbrell), to recognize that what we will deal with this winter will be the greatest need we have ever seen for a group of our neediest people who emerge from your government's psychiatric institutions without hope of decent shelter and related services. I will not go into detail here. I will make the information available to you in order that you can appreciate the very real shelter tragedy suffered by normal people whose only disadvantage is ill health.

Mr. Chairman, through you to the minister, it was very interesting to hear his comments. For

the people in my riding and those I may represent for the next 20 years, I want to say that there was good news and there was bad news.

Hon. Mr. Bennett: There is no bad news. It is all good news.

Mr. McEwen: The bad news will be eliminated.

Hon. Mr. Bennett: Thank you very much.

Mr. Philip: Before we continue, I wonder if a matter can be qualified for me. My understanding is that because of the procedural matters that were brought before the committee this morning we only started the estimates at two o'clock. Is that your understanding?

I am sure the minister and his staff want a full opportunity to explain their points of view. It is an important ministry. It is a new ministry and we would hope we would have the full time for the estimates.

Mr. Chairman: Basically, that is my understanding but I think we should take it up with the House leaders to clarify it for sure.

Mr. Philip: Since one of your colleagues was going to move a motion and you stopped him at two o'clock saying we would now start the estimates of the ministry, can it be taken we have a motion that has been moved and that there was concurrence in that when you nodded—that the intent was the estimates started at two o'clock?

Mr. Brandt: I was planning not only moving the motion but deleting the two hours of dialogue and discussion that took place in the morning. I do not know what other—

Mr. Philip: What do you mean by "deleting"?

Mr. Brandt: Taking those two hours off the total amount of the estimates.

Mr. Philip: I cannot believe that after the run-around this morning—

Mr. Brandt: What is inappropriate about that? We spent two hours discussing the matter—

Mr. Wildman: Let's not get into that hassle.

Mr. Brandt: I am not going to get into that hassle but I would like to respond. The fact of the matter is we spent two hours discussing a matter that had no relevance to housing or municipal affairs or whatever.

Mr. Wildman: We could have got around it.

Mr. Brandt: But we had some some differences of opinion on it. The fact of the matter is the whole thrust of that argument was initiated by the opposition. We listened with great interest, as you can well appreciate. We tried to

compromise. We gave every indication of co-operation but we could not reach a consensus. Two hours were lost on that particular exercise. All we are saying is it has to come from somewhere. We had great difficulty attempting to work out the timing for the balance of this particular committee and we finally referred it to the House leaders.

Mr. Epp: I took for granted this morning he was very serious about getting to the housing estimates and spending as much time on those as possible. I concur with my colleague the member for Etobicoke (Mr. Philip) that we should have the full amount for housing. If the chairman said we started at two o'clock, then we started at two o'clock and that is fine.

Ms. Bryden: I feel very strongly the estimates are an important part of our democratic process and of the Legislature's control over the spending of money. We must follow the time that is voted by the Legislature for the estimates.

I do not think we can change it, but I would like to move a motion that we recommend the time taken this morning not be deducted from the time for the Housing and Municipal Affairs estimates. I think that was what my colleague the member for Etobicoke had in mind when he asked if it should not count only from two o'clock when the estimates actually started.

It seems to me that when the committee is dealing with procedural and committee business and agendas it is not dealing with estimates and therefore it would be completely wrong to charge that time to the estimates of this particular ministry. If the committee cannot deal with its procedural affairs at any other time, then that is time the committee spends on procedural affairs. It is not time it spends on estimates. That should not cut down the time available for the members of the Legislature to deal with the spending proposals of the government.

Mr. Chairman: I will entertain that motion if it be the wish of the committee. My suggestion was going to be to discuss this matter with the House leaders at the same time as we are discussing this morning's dialogue rather than take more time now debating the merits.

Mr. Philip: Mr. Chairman, with the greatest of respect, I wish you would exercise some leadership in this committee and make some decisions—

4:10 p.m.

Mr. Chairman: I was trying to make a suggestion—

Mr. Philip: Your suggestion seems to be that the House leaders make all our decisions for us. I simply wanted to concur with some statements made by the member for Sarnia. He said the matter this morning had nothing to do with the estimates of the ministry of housing and that is correct. It had nothing to do with the estimates of the ministry of housing.

It had to do, though, with the work of this committee because it was a matter sent to us by the committee by a process that is clearly outlined under the standing orders of the House. Therefore, because I am in such agreement with the member for Sarnia that the matter this morning had absolutely nothing to do with housing estimates, I suggest you rule that housing estimates started at two o'clock and that we take the amount of time that has been allocated to us by the House for those estimates.

Ms. Bryden: That is really what my motion says.

Mr. Chairman: If it be the wish of the committee that we put the motion, I will entertain the motion.

Mr. Brandt: To make it very simple, by the time we get through debating this, we will probably kill two hours so I will withdraw from the earlier position I took and concede to the position of the New Democratic Party in this particular regard.

Hon. Mr. Bennett: In future, if the committee is going to get into such a long situation, it would be fair to the minister and the staff of the ministry that we be excused. I have no objection to being here for 13 or 15 hours, whatever the hell period of time you want us for, but I think there is a point of wasting a minister's time and that of a number of staff people.

Mr. Philip: I agree.

Hon. Mr. Bennett: There are other times when that kind of procedural debate could have taken place. It did not have to be in the estimates period. It could have been at the call of the chair, at a special opportunity. But the public relations were good this morning.

Mr. Philip: Mr. Minister, with your experience here, over the years, maybe you can convince your colleagues that a steering committee really will save a lot of time.

Hon. Mr. Bennett: I would not suggest that.

Mr. Chairman: Would you like to proceed with your leadoff?

Mr. Philip: Thank you, Mr. Chairman. I will not be working from a series of prepared statements but I do have a series of comments I would like to make.

It is fairly clear, as we pointed out many months ago, that the housing market is facing a crisis at the moment. High interest rates faced by home owners renewing mortgages mean that as many as 35,000 families may lose their homes this year.

The Treasurer (Mr. F. S. Miller) says only 35,000 families will be faced with renewed mortgages on which the payments will exceed 30 per cent of their income. We must ask, only 35,000? Does the Treasurer not realize what the loss of a home means to a family? People invest their hopes and their savings in the purchase of a home. The destruction of their dreams, their hopes, the uprooting of their children from their schools and neighbourhoods, the stress and tensions families face in which the payment of mortgage becomes the primary concern simply cannot be allowed to happen in a civilized society.

Every day I get phone calls from constituents about ordinary people whose mortgages will increase from \$400 to \$750 or from \$580 to \$875. This is a disaster and both the federal and provincial governments must act now. I have been doing my job as an MPP by sending to the federal minister cases of people who are undergoing this kind of hardship, but more than that is needed. It is fairly clear that Mr. Cosgrove and the federal cabinet are not prepared to move on it.

The troubles in the automobile industry in Windsor alone meant that 600 homes have been repossessed. Three thousand, five hundred homes are for sale in Essex county and most of those sales are because their owners know they are not able to meet the new mortgage.

I guess one has to ask, what will it take to force the government in Ottawa to respond to the crisis? Mr. Trudeau is great at travelling around the world and I notice my colleague from the Liberal Party is incensed at the purchase of one government jet for \$10.5 million. I understand there were three federal government jets with one minister each that just ended up in Winnipeg. Perhaps if there was a little less travelling on the part of the federal government, some action would be taken by it on the interest rate question.

Mr. Brandt: What do you have against western Canada?

Mr. Philip: If we are going to inflict three federal Liberal cabinet ministers on Winnipeg at one time, the least they can do is travel in one jet.

When the Legislature opened, Mr. Minister, you will recall we forced an emergency debate in hopes of shaming this minister and his colleagues into applying more pressure on the federal government to deal with the crisis of home owners. We suggested an immediate moratorium on renewals of all mortgages to keep them at a rate now being paid. This means families paying 12 per cent on their mortgages would continue to pay that rate for six months or a year.

A moratorium would give immediate relief to home owners. Tenants would be protected from future outrageous rent increases. Many of the current round of rent hikes are the result of massive increases in mortgage costs for apartment buildings already in place. Those of us who represent tenants before the Residential Tenancy Commission, and I realize that falls under a different ministry, are aware that interest rates are the real culprit in major rent hikes in this province.

I had one only the other day in which the landlord asked for a 25 per cent rent increase, of which 21 per cent was directly related to the additional \$200,000 in finance costs he had on the second mortgage when it came due. Interestingly enough, even though I have a fairly high success rate before the rent review board, I just received the results this morning and those tenants are going to pay that 25 per cent. Only four per cent of that was related to an increase in maintenance costs and costs other than financing.

We would put pressure on the federal government. Ontario could say that interest rates have to come down substantially and the banks would bring pressure to bear on the federal government to do the same thing. There are those who would argue that such a moratorium would cost the banks money. But even the federal Minister of Finance, Allan MacEachen, thinks the banks should bleed a little.

The banks would respond to the moratorium. Past experience suggests the federal Liberal government is more likely to listen to the banks than it is to ordinary people. A short-term moratorium therefore is essential, for we must also look to some serious long-term solutions to the housing question. Decent housing, we believe, is a fundamental right for every person in

Ontario. To guarantee this right, we would have to take mortgages out of the marketplace, or at least a large number of them.

There is something I will be dealing with at some length. I do not believe the Province of Ontario Savings Office has been really dealt with and looked at in any depth, other than in a short speech by Ian Deans several years ago; but Ontario does have a savings office, if anybody has ever heard of it. It is barely known and could be turned into a major force in the mortgage field.

That is not a radical idea. It is being used by Alberta to a great extent. In some depth and detail I will go into some of the history of what has happened in Alberta and suggest that you, as the minister responsible for housing policy, should be working closely with the Treasurer of Ontario to develop a policy in terms of mortgages and money supply here in this province.

The savings office, for those like myself who have an interest in history or who may have done historical research, was established many years ago by the first and, I guess, last progressive government in this province, namely, the United Farmers government. The Conservatives never used it. The moment they got back into power, they immediately stopped the loans that were provided by the Ontario savings office to farmers.

We would change that institution from a leftover of another age into one which intervenes directly on behalf of people. Over time, we would accumulate the funds that could remove mortgages from the market to guarantee the right to decent housing for all the people in the province.

Mr. Minister, now that your government has decided to become, if not pink, at least a little pinker than in the past, we realize that while this kind of proposal would be completely unacceptable to the Liberal Party in this province, you as the new pinko party will no doubt find some of these recommendations acceptable, or at least your colleagues will if you personally don't.

4:20 p.m.

Mr. Epp: I guess I am the only member here who represents the free enterprise party, then.

Mr. Philip: I represent free enterprise, if by that you mean competition. I think you represent the private enterprise party. There is a difference.

I would like to read to you a few examples of what people have been saying about their

particular predicaments. I take this from an article written by Garth Turner, a business editor for the Toronto Sun: "A \$40,000 mortgage due December 1982: 'I feel very sad at the idea of losing our home. Even though it is just a town house, I have to rear our three children in an apartment after working so hard to make a nice home for them to live in.'

"A \$34,000 mortgaged renewed May 27, 1981: 'In 1976, when I bought the house, the mortgage amount was \$43,000. For five years we have saved and done without many of the things that we might have had, and instead chose to work away at the principal, on which we paid \$9,000 to bring it to its present amount. We had faith in the future. We wanted to be able to enjoy some of the luxury items when our two children, now nine and seven, could enjoy them as well. That bubble has now burst and so I am bitter. So what is left? I am knuckling down to another four years at 16.5 per cent, and as a method of public notice of revenge I hereby state categorically that I will never vote Liberal in an election as long as I live.'" She is talking about federal Liberal, of course.

Interjections.

Mr. Philip: That may well be the case. I have no idea.

"A \$50,000 mortgage due May 1982: 'I am barely hanging on now. I will have to give up my car and transportation at renewal date. Help. The alternative is to sell my home but where will we go?'"

It goes on and on. I will not read all the examples. I think it gives you an indication of the kinds of problems we in the New Democratic Party, and other members of all parties, I am sure, have seen.

In this session we introduced a resolution into the Legislature that would have called on the government of Ontario to take immediate steps to provide affordable housing. That resolution would introduce a speculation tax to take away the speculative profits in housing, establish a legislative committee to deal with the inflow of foreign capital on Ontario's housing market and commit the government to the production of affordable housing.

I think there are two very distinct philosophies and approaches to housing, when you look at the Liberals and Conservatives on one side and the New Democratic Party on the other. We would not be afraid to use the government to intervene. The Liberals probably would not intervene at all, and I am hoping the Conservatives, now that they have shown

some life and are willing at least to intervene in certain areas, might be encouraged to move a little bit more in our direction, at least in the housing field.

So I am going to appeal to you, Mr. Minister, as a fellow traveller and ask you to consider that resolution, which resolved, "That, in the opinion of this House, the government of Ontario should take immediate steps to develop programs and introduce legislation designed to alleviate the current housing crisis..." This would involve introducing "a housing speculation tax in the assembly to tax away the speculative profits made by persons who buy and sell housing and land (for the purpose of making easy profits in a speculative market), but that includes a specific exemption for home owners selling residences they occupy, and for long-term investors..."

The resolution also called for the government to "sponsor the establishment of a select committee of the assembly to inquire into and assess the impact of the flow of foreign speculative capital on the province's housing market," and lastly, "to establish effective housing programs to produce and upgrade the stock of decent, affordable housing in Ontario."

I think that while you ignored the first two points, we will see, as we go through your estimates, that you have not implemented the third one either in spite of lip service in your opening statement to that. It is fairly clear to us that speculation is working to a great degree in building up and creating problems for people in areas like Metropolitan Toronto.

One example of how speculation works arose at 20 Royal Avenue in the east end of Toronto, where a speculator purchased a home for \$51,500 with almost no down payment. In April the house was up for \$87,000, which represents a 244 per cent return on investment for six months, or, if he had been able to do it in the next six months, a 500 per cent return.

Our resolution was necessary because the government in general, and your ministry in particular, has failed to deal with the problem of speculation and other problems in the housing crisis. But our leader and our caucus have decided that housing should be one portfolio; therefore, when I talk about you I am talking not only about you but also about the other minister responsible for housing, namely, the Minister of Consumer and Commercial Relations (Mr. Walker).

Our resolution was designed to discourage speculation in what we consider to be an

essential service that every individual has a right to have. The minister, of course, has argued that people should not feel they can necessarily live where they want to. But when we examine the housing prices across this province we find that housing is becoming increasingly unaffordable for all kinds of people.

If you look at the price paid for Royal Trust house number one on the list it publishes—I will read it to you, because it is hardly a luxurious accommodation: "This is a detached, three-bedroom bungalow constructed partially of brick with wood, aluminum or stucco. It is five to eight years old and has one and a half bathrooms, a one-car garage, a full basement but no recreation room, fireplace or appliances. Using the outside dimensions, excluding the garage, the total area of the house is 1,200 feet and it is situated on a fully serviced 5,500-square-foot or 510-square-metre lot. The neighbourhood itself is average within the average commuting distance of the centre of the city, and this home is typical of others in the neighbourhood."

If we take that house, which is a modest bungalow—certainly it would be equivalent to what many of us probably live in; maybe you live in something a little better—we can look at what has happened to it from October 1980 to February 1981 and then compare it to 1980. The changes, if you look at the chart, are very dramatic despite the current recession in the resale home market, which has been less severe than the slump in new home sales.

4:30 p.m.

It is interesting that prices have not universally dropped since June 1981, when the increases during the spring boom showed up in a Royal Trust survey. Although prices fell over the last four months in 19 communities, they were up in 13 and unchanged in another 13. In other words, this summer's rapid increase in mortgage interest rates has not brought about significant price reductions in most Ontario communities. Should interest rate reductions in some form be included in the federal budget, we can expect a surge in the price of housing rather than a decrease. We are looking at a temporary levelling off, but it is a levelling off in an upward spiral.

Reporting on the most recent survey, we see some interesting figures. For example, in central Toronto we are talking about \$102,000 in October 1980; up to \$145,000 in June 1981; up to \$135,000 in October 1981. So we are talking about a very dramatic change. From October 1980 to October 1981, we are talking about an increase of 32.4 per cent.

If we look at some of the other cities in the province, we have equally dramatic changes. Thornhill, for example, goes from \$90,500 in October 1980 up to \$128,000 in October 1981, which is an increase of 41.4 per cent from October 1980 to October 1981. I could go on down the list. In Sault Ste. Marie, the increase was a little less dramatic, \$58,000 to \$64,000, which represents an increase of 10.3 per cent. But when you combine that with the high interest rates, it becomes quite prohibitive to any home buyer.

What I am saying, Mr. Chairman, is that there is a major problem in the housing field, and this minister does not seem prepared to do anything about it. We would not argue for intervention if there was a free enterprise competitive system at work in the housing industry, but when you look at what is happening, there is no such thing as free enterprise on a large scale in the housing development industry in this country. In important markets, the free enterprise ideal of many sellers competing for the dollars with many buyers and setting a commodity price via the perfect competition is an interesting concept, but it is a myth in the housing area. The lion's share of the market for land, new housing and rental units is concentrated in the hands of a very small number of development companies.

Peter Spurr pointed out in his massive 1976 study on land and urban development that in most of the larger centres in Ontario, Alberta, Saskatchewan and Manitoba, more than 75 per cent of new residential lots are produced by a small minority of all developers, and that much of the land slated for urban development around most large centres is controlled by only a few owners, which, together with the process of continued urbanization itself, creates conditions under which land becomes a relatively scarce commodity.

As any monopolist worth his salt knows, control of a scarce resource is the stuff out of which superprofits are made. In 1978, the Ontario Economic Council study by Muller, entitled *The Market for New Housing in Metropolitan Toronto Area*, found that the six largest development firms controlled the following percentages of registered building lots: Durham, 98 per cent; Halton, 67 per cent; Metropolitan Toronto, 58 per cent; Peel, 59 per cent; and York, 71 per cent.

In addition, the study found a high degree of concentration of building over 1973-75, with the largest firms erecting the following percentages of the main types of residential buildings:

Durham, round units 61, apartments 100; Halton, 36 and 91 respectively; Metropolitan Toronto, 22 and 27; Peel, 29 and 48; York, 36 and 87.

Such concentration gives considerable leverage to the major development firms, permitting them to manipulate the overall supply of housing and especially certain types of shelter such as high-rise apartments, condominiums, row housing and so forth to maximize the profits. The sales slump has not in any way crippled, or will not affect on even a short-term basis, the price of the housing because the monopolies are able to control that.

If we look at the price of the Royal Trust house in Metropolitan Toronto, we see that in spite of the feeling that somehow housing prices had levelled off, in fact it is very expensive to live in this city. From October 1980 to the present, the price of an average house in Toronto centre has gone from \$102,000 to \$135,000; Thornhill, \$90,500 to \$128,000; Richmond Hill, \$85,000 to \$117,000; Etobicoke, \$93,000 to \$114,000; Scarborough, \$86,000 to \$108,000. Mississauga has had very dramatic rises.

These are the areas the minister refers to when he tells people if they can't afford to live in downtown Toronto they should move out to the suburbs. But if you try to move out to Mississauga, you find the average price of a house has gone from \$76,500 to \$101,800 in one year. So it isn't exactly possible for people in downtown Toronto to move out to the suburbs because the cost in the suburbs is rising also, and in some cases very dramatically. Even if you look at the far suburbs such as Newmarket, you get \$65,000 to \$85,000 or a rise of 30.7 per cent.

The fact is that the federal Liberal policy is making houses too expensive, and we admit that. The lowest mortgage interest rate is still in the 20 per cent range unless somebody has—what are the latest figures?

Hon. Mr. Bennett: The figure of just a week or so ago is down to 19.5, I think.

Mr. Philip: Just under 20 per cent.

Hon. Mr. Bennett: Yes.

Mr. Philip: Which basically means that if you take a \$50,000 mortgage amortized over 25 years on a five-year term, it would cost you roughly \$10,000 a year in mortgage principal and interest. That is not counting taxes and, in the case of condominium owners, maintenance fees.

4:40 p.m.

The average price of a home sold in October in Etobicoke, for example, is \$114,000. Then certainly you would not find most purchasers having only a \$50,000 mortgage. Even a modest three-bedroom town home, which is what you would require for husband and wife and two children of opposite sex, sells for just over \$50,000 in the neighbourhood where I live. Since the majority of people will have that kind of mortgage, using the average Metro family's income as \$33,500, you are really saying that would use more than 30 per cent of their income in order to meet that \$10,000 a year mortgage. It simply means the other 50 per cent, if they were buying a home for the first time, simply could not afford it.

While they are getting squeezed at one end they are also being squeezed at the other. As one person explained to me, she could no longer afford to own her home, but on the other hand if she moved into a rental building the rent would be going up 20 per cent because a second mortgage had come due there.

I would like to talk for just a few minutes about the Ontario Housing Corporation. Just as there are people who are increasingly unable to pay for private rental accommodation and are dropping on to the lists of Ontario Housing, so do we have an increasingly large problem there. In Metropolitan Toronto my understanding is that the latest figures show there are some 5,318 households requesting OHC accommodation. This is a substantial increase from a year ago; it represents 14,071 people.

As testimony before the justice committee clearly indicated, that in no way is an indication of the people who are in need of housing but are not on that waiting list. Many people simply disqualify themselves; they are tired of waiting, or they do not qualify because they do not fall under the category of family, senior or disabled, which are the only types of people OHC provides accommodation to.

In answer to the question yesterday of my colleague the member for Scarborough West (Mr. R. F. Johnston) the minister boasted that the rental construction loan program in Toronto has 929 units under construction—you did not say under construction. I would want to question you on that as to whether or not they are under construction or whether it is simply indicated they will be. But even taking that figure, since only 20 per cent of those will be geared for public assistance, we are talking about—and you are boasting about—an increase of 186 units, assuming all of them are construct-

ed. That is 186 units while 5,318 households are on the waiting list. As the minister responsible for housing, do you really feel that is a successful program? The lists get larger and larger and—

Hon. Mr. Bennett: We are talking about a waiting list of more than just Toronto. My figure of 929 is Toronto plus I went on to Scarborough and two or three other jurisdictions, if you will recall.

Mr. Philip: The waiting list of 5,318 households is for?

Hon. Mr. Bennett: My understanding is it is for Metro.

Mr. Philip: What my colleague asked for was the Metro figures. Perhaps you can give us the figures then.

Hon. Mr. Bennett: I don't have them here.

Mr. Philip: How many assisted units are under construction—

Hon. Mr. Bennett: I gave them all.

Mr. Philip: You didn't. You gave Toronto, Mississauga, Brampton, North York and Scarborough.

Hon. Mr. Bennett: Scarborough is not Metro, eh?

Mr. Philip: Yes, but there are other areas of Metro that you did not give, so you did not give them all.

Hon. Mr. Bennett: That is because there was nothing to give because there have been no applications; that is why.

Mr. Philip: It might have been nice then if you had said, "These are the units then for Metro." Then I am sure the minister can add 902 in North York, 1,861 in Scarborough and 929 in Toronto, take 20 per cent of that, and I am sure his mathematics will show it is a very small number of units in comparison to those that are on the waiting list.

Hon. Mr. Bennett: There are some nonprofit and co-op units being built as well. The percentage will become—I would think the co-ops will likely take advantage of the program we have. This does not compel them to do it.

Mr. Philip: I would think so as well or at least I would hope so. However, these are waiting lists on the Metropolitan Toronto housing authority. Those are the ones we are talking about at the moment.

Hon. Mr. Bennett: I agree. I am not denying that. You recall in my previous discussions that

there has been and continues to be a certain turnover rate in our residential occupancy, the same as in the private sector.

Mr. Philip: Let us talk about some of those turnover rates. I find it interesting that I have only heard from your constituents today about people being turned out on the streets by Ontario Housing, the empty-nesters. It was a matter that was addressed by the justice committee.

You seem to give lip service to the fact that economic need is one of the great criteria in admitting people to Ontario Housing. But when it comes to economic need of those people who may be single and do not fall under the category of having any children at home or being disabled but who happen to simply be poor and are not 60 years of age or over, you see nothing wrong with turning those people out on the street as is happening in Ottawa and in Metropolitan Toronto.

I would ask the minister, when he has an opportunity to reply, to inform us of just how many people have been evicted or asked to leave Ontario Housing on those grounds. While they may fall under the category of being poor, they simply happen to be the empty-nesters. You people are throwing them out on the street. Maybe some of those are some of the people you scoffed at when I told you about six months ago that people were sleeping underground at the city of Toronto garage. You did not go to see them but I guess you believe it now that my colleague the member for Scarborough West went down there accompanied by a photographer and proved to you there are families and individuals literally out on the street in this city.

Mr. Hennessy: Would he have gone if there was no photographer?

Mr. Philip: I beg your pardon. I find it hard to understand your garble sometimes. What did you say?

Mr. Hennessy: You are pretty good yourself.

Mr. Philip: I am trying to help you if you would repeat your question.

Mr. Hennessy: Would he have gone if there was no photographer with him?

Mr. Philip: Yes, as a matter of fact. I do not know if you are able to read but if you read the newspapers you will find out that the photographer went to check up on Mr. Johnston's story. He was not accompanying Mr. Johnston. I believe the story followed the day after. If you

would like to go down there with a camera, I am sure you could bring back some snapshots yourself.

Mr. Hennessy: It is possible.

Mr. Wildman: A man with your scruples would not laugh at a guy who is out in the street and sleeping in a garage because he has nowhere to go.

Mr. Hennessy: What do you mean? Am I laughing at him?

Mr. Wildman: You are making fun of the fact—

Mr. Hennessy: I am just wondering whether he would have gone if no photographer had gone.

4:50 p.m.

Mr. Philip: I would also like to ask the minister about the fact that while he likes to give lip service to decentralization in terms of municipalities and decentralization in terms of Ontario Housing, what does he see to be the role of the tenants in that? At the present time, it seems as though this minister is doing everything possible to discourage tenant input. For one thing, he has refused to accept the recommendations which were sensible and which were approved by members of his party on the justice committee to involve tenants in a meaningful way in decision making. He has thrown out all of those. The Conservatives voted en masse on his instructions. I assume the Minister without Portfolio and member for Mississauga East (Mr. Gregory) does not run everything around here and therefore the marching orders came from you.

Hon. Mr. Bennett: My party does not always vote by instructions from a minister or the whip. That might be the policy in your party.

Mr. Philip: It is interesting then. They vote one way in committee and then they vote another way in the House. I suggest to you that that means somebody has given them instructions.

Mr. Wildman: It's a conversion on the road—

Hon. Mr. Bennett: Your party has been on that road for a long time.

Mr. Chairman: Could you continue on with your remarks, Mr. Philip?

Mr. Philip: If the minister would like to listen instead of interjecting, he might be able at least to give an answer to the questions.

Hon. Mr. Bennett: Oh, we will.

Mr. Philip: I am sure you will. I don't know whether it will be a meaningful answer, but at least I am sure it will be—

Hon. Mr. Bennett: It will be an acceptable one.

Mr. Philip: That's fine. I don't expect to agree with everything you say or vice versa.

Can the minister explain why it is that the Ottawa Housing Authority is now starting to charge tenants associations for the servicing of the units that have been provided for their organizations? That is, they are now adding a heat and light cost, which is just one more example of how you give lip service when you are facing them, and the moment their backs are turned you stab them and undermine them in every way possible. You did that in defeating the OHC inquiry and you are doing that through this kind of thing.

I would like to go through each of the recommendations of the OHC inquiry with the minister and have an update as to exactly what has gone on. Since the minister in his speech that night used the majority to squash a report that was signed by members of all three parties, I would like to find out exactly what is going on in that report and we will deal with it under that vote. I hope you will have a very specific update on each of the recommendations.

I would also like to ask the minister whether or not he feels that it is right that someone should pay 50 per cent of their income for housing. I would like to give the minister a very specific case. I would also like to ask the minister another question, which is whether he believes it is right for a program funded under his ministry to set one set of rules for people, to have them enter into a contract under that set of rules and then to break or change that set of rules arbitrarily.

What I am getting at is that the ministry funds, on a 25 per cent formula, 25 per cent of the units at the Rexdale senior citizens residence at 2314 Islington Avenue. They have a new administrator. The new administrator decided she would follow up on what seemed like some reasonably sensible correspondence from your ministry to the former administrator. Basically, it starts off with a letter from Mr. Ball, the project co-ordinator of community housing, central region branch, to Marilyn Klieber of the Rexdale Presbyterian Senior Citizens' Corporation. He starts off with the fact that he enjoyed meeting with her. That is a normal thing because she is a delightful person and was well liked by the tenants in the building. The new administrator does not have as great a popularity with them.

He goes on to make a very sensible suggestion which is that a nonprofit group develop policies in regard to tenant selection criteria, especially identifying need. That is perfectly in keeping with your statement and it makes sense. If you are going to admit a bunch of people into a program that is funded by the government, you had better have some criteria and we had better know the rules, otherwise there is always the possibility that somebody will get his brother-in-law in, even though he is less deserving than somebody else. That is reasonable. The government, through Mr. Ball, was showing concern with spending the taxpayers' money and I applaud it for that.

Then George King, the president of the Presbyterian Senior Citizens' Corporation, responds and he comes up with criteria. His criteria of the poverty level are \$300 to \$500 per month for singles and \$300 to \$650 per month for married couples. You may consider that is the poverty level, and other people may argue but that is not the point that I am going to raise at this time. The fact is when the Presbyterian Senior Citizens' Corporation responds to a legitimate request from the ministry for criteria and they say, "Here is what we consider to be the criteria for admitting people into this government-assisted program," no one will question that. In that way, you have criteria for new people who are entering into the program. The citizens' corporation set them up. Everything looks good from here.

Now comes the sticker, however. The new manager gets this and says: "Wait a minute. There are a few people in this building whom we have let in under the geared-to-income program and if they had to be admitted now, then they would not qualify. Therefore we are going to take them off the geared-to-income program."

A woman who lives here has just had three triple heart bypasses. She is walking around with two canes and her income is \$554 a month and she is told: "Sorry, you moved into this building. We admit you could have moved into some other building where you would be geared to income for life, such as R. J. Smith Apartments or some of the others in the area, but you are here now. We think that there are more deserving people out there who need to get into our program so off you come." If there was a calculated design to send this woman back into the hospital, this would have done it. She has \$554 a month coming in, which includes interest, little pensions and a few other things. She is going to have to pay the fair market value for

her rent, which is what my mother was paying when she was in that building: about \$245 a month.

Mr. Chairman: There is only about a minute and a half to go on the clock.

Mr. Philip: Okay. I just want to deal with this one case and then I will go on to some other things next session.

The fair market value is \$245, so she is paying half of her income for rent. If this woman had approached this particular project and said, "I want to enter under the geared-to-income program," and the criteria were explained to her and they said, "We are sorry, you don't qualify. You should try R. J. Smith or you can pay the \$245 and go in under the break-even program, the unassisted program, if you want, the non-profit sector," then I would have no qualms with it. I would say they have set up their criteria. I may agree or disagree with the criteria, but at least she knew the rules.

What we have here though is a senior who enters under one set of rules, chooses a building over other buildings and other options open to her, including OHC-owned and managed projects, and then suddenly has the rules changed on her after she is there.

When I called your ministry officials, what did they do? They said, "We are decentralizing. That is a autonomous project. We are not going to tell them how to run the project." I say to you that if you set up government funds and if you say that people are going to enter into a government project, then surely you have to have some way of saying to these people, "You can't break the rules once people are contracted into them." Mr. Sparling said there is nothing wrong with this and I cannot believe that you as the minister would believe there wasn't something wrong with breaching our faith with people. There is another man, a disabled person in the building—

Mr. Chairman: We are just touching the five o'clock mark.

5 p.m.

Mr. Philip: I will finish in 30 seconds if you will, Mr. Chairman.

He was paying \$154 and it has now been raised to \$235 plus \$10 for parking. It is important because, being disabled, he cannot get around without a car. So \$245 over \$154 is a major hike to this disabled person. I understand he is back in the hospital. I do not know whether the shock of the rent hike had anything to do with his being back in the hospital, but he did go back for more surgery and more problems.

I ask you, is that fair? What will you do as a minister to ensure, when you are contracting out with nonprofit corporations like that, that you see that at least some minimal fairness is carried out on behalf of the tenants that you are trying to assist.

I will leave that. I would like to deal with the whole area of the new Planning Act in some detail, and I would also like to share with you some thoughts which hopefully you will pass on to the Treasurer (Mr. F. S. Miller) concerning Province of Ontario Savings Office and its use as an innovative way of entering into this province's financing.

Mr. Chairman: Thank you, Mr. Philip. You will retain the floor when we start back on November 18, 10 a.m.

Mr. Epp: I wonder if Mr. Philip would indicate how long he expects to be before he winds up his preliminary comments.

Mr. Philip: How long have I taken now?

Mr. Chairman: About three quarters of an hour, I think.

Mr. Philip: Then I think I will finish in about another three quarters of an hour.

Mr. Chairman: About 50 minutes?

Mr. Philip: Cut me off if I go longer than the minister went and I will stop on your instructions.

Mr. Chairman: Okay, that is a deal.

The committee adjourned at 5:02 p.m.

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- Brandt, A. S. (Sarnia PC)
- Bryden, M. H. (Beaches-Woodbine NDP)
- Epp, H. A. (Waterloo North L)
- Hennessy, M. (Fort William PC)
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- Philip, E. T. (Etobicoke NDP)
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Ontario

No. G-6

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government
Estimates, Ministry of Municipal Affairs and Housing

DEC 13 1981

First Session, Thirty-Second Parliament

Wednesday, November 18, 1981

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 18, 1981

The committee met at 10:19 a.m. in committee room No. 1.

After other business:

10:47 a.m.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

(continued)

Mr. Philip: Mr. Chairman, I have 45 minutes left in my leadoff statement. I would like to deal with a number of issues. It is difficult to cover so many in so short a period of time as an hour and a half.

One of the issues I ask the minister to address himself to is the fact that Ontario's airport land-use policy permits residential development, with insulation admittedly, in the 28 to 35 noise exposure forecasts around airports. Etobicoke and Mississauga have developed policies to conform to that policy. If one looks at other jurisdictions, such as Alberta, under the airport vicinity residential development there is a restriction from 30 NEFs. It is even higher around Calgary and Edmonton international airports.

If one looks at the problems being faced by people in the Mississauga and Etobicoke areas, as the airport continues to expand, I wonder why the provincial government has not looked at what is being done in other provincial areas around major municipalities in places such as Alberta.

The draft of Mississauga's official plan originally proposed a more stringent airport noise policy than the provincial policy. I would like to know what input the minister may have had in having Mississauga change that. As I understand it, Mississauga changed it or became less stringent to conform to the provincial policy. Is the Ministry of Housing planning to change its airport land-use policy to restrict new residential development from 30 NEFs and higher, to accommodate some of the ratepayer and environmental concerns expressed by the Ministry of the Environment?

I look at the draft of the official plan of the city of Mississauga which was passed in 1976. Under item D it says, "The new residential

development will be permitted within areas expected to experience aircraft noise disturbance levels of 28 NEF or greater," and the projected NEF contours are included in appendix A.

I recognize there is a requirement that developers inform people moving into the area that it is a high-noise area. I recognize also there are insulation standards. When people are looking for homes, when they cannot afford to live in the downtown area—the way perhaps the minister or some other wealthier people can live—and they are going out into the Mississauga areas, then there is a certain motivation for them to buy the home. Later, the noise starts to affect their health and so forth. I hope the minister will consider listening to the concerns of the residents and the various ratepayer groups.

10:50 a.m.

There are a number of individual issues that have come to my attention over the last year or so. I would like to deal with them. Perhaps the minister will respond after my opening comments or he may want to deal with them under the individual vote. I leave it to his discretion.

On October 21, 1981, I wrote to the minister and brought to his attention a concern of a constituent of mine, a Mr. Brommecker, about a matter I hope his staff can fill me in on. I will read from the letter.

"I would like to bring to your attention a decision made by your government which I feel is made without adequate reflection of all the implications involved. I refer to the draft approval of a subdivision of 90 back lots in the east end of Grass Lake in Proudfoot township. The decision was made without consulting either local residents or the Proudfoot Township Property Owners' Association, or the locally elected representatives. If this had been done, it would have brought to light information I am certain is of some significance.

"There are about 40 cottages on the lake already, and every cottage has some form of boat. On a long weekend in the summer, when cottagers head north in strength, the traffic on the lake already reaches a point which I consider to be a safe upper limit. The disruption of the tranquility which epitomizes our near north also

reaches a level many would consider intolerable. If less than half of the proposed 90 lots are sold, the traffic on the lake could double. The water surface area is simply too small. What will this lake look like on the Simcoe Day long weekend?"

He goes on in his letter about the probable negative environmental effects. He has made certain accusations in this letter about lack of consultation and proper hearings and public scrutiny.

There was another matter I brought to the minister's attention some time ago and which I was promised would be attended to. Perhaps we can deal with this under the Ontario Housing Commission vote. That was the problem of York condominium number eight. I had met with Mr. Davidson, the manager, and showed him the problem whereby there was traffic going across the condominium's property, including motor cycles, since people cut fences and so forth.

In September 1980, I had meetings with the OHC related to the Martingrove development near Albion Road. At that time we reached an agreement with Mr. Jorgensen, the then district manager, to place three steel grates between the openings in the town-house rows, thereby cutting down on the traffic, particularly motor cycles running over lawns and that sort of thing, which is very disconcerting.

The OHC apparently has closed two of these openings but not the third. My understanding was it would be done before the frost came in, otherwise the digging would be too disruptive. The condominium is now in a position where, a month ago, a fence was erected because of the traffic. They were afraid some of the children would be hurt. However, they are still having a problem with teenagers hopping across the fence, and the top fence poles are already bent. I hope the minister can get some feedback and let me know what is happening on that particular project.

Interjection.

Mr. Philip: They may not be all OHC tenants. Many of them may be visitors and many of them may be people using it as a shortcut through the OHC property and through the town-house property. The important thing is there are people trespassing through there. The important matter was that OHC did recognize the problem and made a commitment to that town-house project. I am just wondering when that commitment is going to be fulfilled.

I would also like to bring up a matter

involving the City of Ottawa Non-Profit Housing Corporation and the Ontario ministry of housing. I gather the nonprofit corporation has attempted to obtain authorization for a rooming-house project. I also gather the major source of conflict is said to be the way in which the province has chosen to interpret its agreement with Canada Mortgage and Housing Corporation. This agreement is arrived at in order to give the ministry of housing the responsibility of running the municipal non-profit housing component of NHA funding. I know there has been correspondence with Mr. Wayne Simmons of Ottawa, which I can share with the minister and perhaps he can give us an update and his interpretation of what is going on in that particular situation.

I also wonder whether the minister has some insight into a matter that I believe was raised in the House some time ago. I got some correspondence from Exeter. I believe Mr. Riddell has also received some correspondence; the minister may have heard from him. I understand some Mennonites up there purchased a farm property on a stream flowing into Lake Scugog. At the time, they were unhappily destined to be childless so they adopted a boy and girl to shape up their family. They then submitted plans to erect a modest home, but found local bylaws were so restrictive that unless they could afford a 2,000-square-foot home, they could not build. They appealed this, but to no avail, and the upshot of this is they had to move on to another community.

The point brought out in a letter I received from Mr. Hart is there are many communities like this where people who do not have a great deal of money but are law-abiding and build good quality homes and keep them neat and so forth, cannot build. I would like the minister to address that problem in terms of the total problem of housing shortage and how he hopes to deal with it or what he sees as the problem in this instance.

11 a.m.

There is also the problem that was brought to my attention by a letter from some people in the city of Guelph. Apparently the ratepayers of the Brock Road district within the city of Guelph, annexed from the township of Puslinch in 1966, have organized a ratepayers' association, and they have written to Mr. Stewart. Their concerns are not being compounded with the new equalized assessment for 1981 based on the 1975 market values. The minister has received a copy of the letter addressed to Mr. Stewart dated

October 7, 1981, and I would be interested in hearing his comments on the points of view expressed in that letter.

I would also be interested in having some reaction to the whole problem that has been brought out by the Canadian Mental Health Association, particularly Steve Lurie, the executive director of CMHA Metro, and the chairman of the supportive housing coalition steering committee. In particular, the minister might want to take a look at the articles contained in *Reaction* in the fall of 1981 dealing with the crisis in housing for discharged psychiatric patients. I am sure that he has received some correspondence on that.

The other matter I would enjoy hearing the minister's comments on would be some of the conflicts that appear between the Ashworth Square co-operative in Mississauga and the Honourable Paul Cosgrove. On November 7, 1981, Ashworth Square co-operative met with management staff of Canada Mortgage and Housing Corporation's Toronto and Mississauga branch, to discuss financing of needed rehabilitation of co-op buildings originally built in 1971. Apparently they are experiencing some difficulties with the CMHC branch regarding the implementation of the residential rehabilitation assistance program for pre-1973 co-ops.

I would be happy to supply you with a copy of the letter to Paul Cosgrove and perhaps you can use your influence as the Minister of Municipal Affairs and Housing with your federal counterpart to see whether some compromise or understanding could be reached with the federal minister to deal with those problems.

Hon. Mr. Bennett: That is a federal responsibility.

Mr. Philip: That is what I said. I said though, that you, as minister of housing, may have some influence on your federal counterpart.

Hon. Mr. Bennett: Influence—

Mr. Philip: Since you tend to meet with Mr. Cosgrove a little more frequently than I do, even a commitment—

Hon. Mr. Bennett: Not a hell of a lot more frequently, I will tell you.

Mr. Philip: The last time I met with him was on the Shulman File, and that was some time in March.

Hon. Mr. Bennett: Who got filed, you or him?

Mr. Philip: I am sure it was worth at least 1,000 votes to me so I guess he got filed. He has

not faced an election since, whereas I have. That makes me the winner at least for two or three years until his election comes up.

I also have received a letter from Colleen Keys of Houselink Community Homes. This letter deals with the whole problem of ex-psychiatric patients. I thought I would read the letter to you. It is dated May 13, 1981. It deals essentially with the issue of group homes. It says: "As an organization that provides housing for ex-psychiatric patients, Houselink Community Homes fully supports the Ontario Ministry of Housing's approval of Metro Toronto group home bylaws which allows all types of group homes to relocate throughout the city."

It goes on to deal with the problems of having all of them in one area. I am wondering whether the minister can bring us an update of what is happening on the group home situation throughout Metro, because it is a problem that faces all our communities.

I would also like to deal with a broader issue, and that is the issue that will cross not only the lines of your ministry but also the Treasury and, to a lesser extent, the Ministry of Consumer and Commercial Relations. I would like to suggest you are the first to admit that one of the problems is mortgage accessibility or funding, particularly short-term funding, for building.

Mr. Chairman, I am finding it difficult to talk to the minister in a quiet tone when there are two members who seem to be having their own conversation. I have put up with it for half an hour. I am sure it is discourteous to the minister as well.

Hon. Mr. Bennett: It doesn't bother me at all. I am used to it, after being in the House.

Mr. Philip: I prefer to think of estimates as being a—

Mr. Chairman: Perhaps the two gentlemen on my right could refrain from talking or step outside to carry on their conversation.

Mr. Piché: Especially the member from the opposite party. I think he is the one making all the noise.

Mr. Philip: Since one of those members has never named me, I won't name him.

Mr. Stokes: Don't press your luck.

Mr. Philip: Likewise. One of the concerns I have is with the whole problem of financing. I suggest to you that one of the areas I would like to have you and the Treasurer (Mr. F. S. Miller) look at is the role of the Province of Ontario Savings Office. This savings office was estab-

lished by the United Farmers' government of E.C. Drury under the Agricultural Development Finance Act in 1921.

The first branch was opened in 1922 and by 1934 there were 17 branches. Over the intervening years the number of branches stabilized at 21 with the closing of the branches in Kitchener, Newmarket, Niagara Falls, Sault Ste. Marie and one branch in Toronto. At present, there are six branches in Toronto, two branches in Hamilton and a branch in 13 other southern Ontario communities. There are no branches in northern Ontario.

The primary purpose for the establishment of these savings offices was to borrow money by accepting deposits from the public and to make low-cost improvement loans to farmers. Interestingly enough, with the return to power of the Conservatives in 1923, the farm loan program was suspended and the savings offices became simply a vehicle to encourage and promote thrift among Ontarians. I don't know how successful that has been. I have talked to a number of people and asked them if they had ever heard of the Province of Ontario Savings Offices and very few had.

11:10 a.m.

At present, the primary function of the savings office is to take savings deposits from the public. Present deposits total \$641 million. No funds are lent to individuals or companies and the deposit funds become a loan to the Ontario government and a part of the consolidated revenue fund. For the 1981 fiscal year, the savings office also provided the provincial Treasury with an operating surplus of \$4.8 million.

If we compare that to Alberta, they came in with the Treasury Branches Act of 1938 to provide financial services in rural Alberta. The first branch opened in 1938 and the act allowed the Treasurer to receive deposits and lend any moneys received to persons, firms or corporations. The present Treasury Branches are actively involved in both savings deposits and commercial, agricultural and consumer loans. The deposits amount to \$2.3 billion and the current loan portfolio exceeds \$1.9 billion.

In 1980, approximately 400,000 Albertans had accounts with the Treasury Branches and a major portion of the profit earned by the branches is channelled into Alberta's general revenue fund. In 1980, \$10.5 million of the \$23 million in profit was transferred into general revenues.

Since 1972, the Treasury Branches have been

involved in a branch expansion program in contrast to what is happening in Ontario. In 1977, for example, there were 93 branches and 88 agencies. At present, there are 117 full-time service branches and 100 agencies in 195 communities in Alberta. Due to their more extensive branch system, the Treasury Branches have a substantially lower service index than the Province of Ontario Savings Office.

In Alberta there are 9,981 persons per branch. In Ontario, however, there are 411,014 persons for each of our offices. The Treasury Branches operate a larger number of branches than any of the five major chartered banks in Alberta.

The point I am making is this is a way of providing more mortgage money and providing more access to loan equity for farmers and small businessmen, including the home building industry, in Ontario. It would require an amendment to our act and a commitment by this government to expand the Province of Ontario Savings Office. I wonder how you personally feel about the proposal. I have a considerable amount of research on it, particularly information from Alberta on how it works. I am not suggesting that we develop the Alberta model but I do think the principle—

Interjection.

Mr. Philip: If the Tories in Alberta can develop something useful then I think we can adopt it and look at it.

Hon. Mr. Bennett: What is the member trying to indicate to us here? Are you saying that if we had a greater amount on deposit from the average Joe Public in this province, being yourself and myself, we could do something at the other end in relation to interest rates?

Mr. Philip: I am saying if you developed what would amount to an active banking system within the confines of—

Hon. Mr. Bennett: Of the Canadian Bank Act?

Mr. Philip: Yes. If you did that, you would have a vehicle for planning and for providing funds in those areas of housing in which you yourself admit we have a problem, such as interim financing of building, the problem of mortgages and so forth. I am suggesting that at this time, when mortgages are a major problem, it is not good enough simply to tell the federal government that it must lower interest rates when there is a vehicle provincially whereby you can take a positive step yourself.

Alberta is doing it. The small businessmen, farmers and consumers in Alberta seem to be

attracted to the use of these offices and they are working in that province. I would like you to look at that model and see why it is that we cannot expand and use our savings offices to provide similar services to our consumers.

My colleague Ms. Bryden will be dealing extensively with the Planning Act. However, I would like to make a few brief comments, if I may, on the Planning Act. I guess they are more in the way of questions.

As I understand the proposed Planning Act it allows for the preparation of provincial policy statements and also for greater delegation to municipalities. Although I accept the need for delegation and see it as desirable, I am also concerned that you not abandon your legitimate planning responsibilities. I recognize that under the act there is a provision for provincial policy statements, and that is encouraging. But I would suggest to you that some of the so-called provincial policies—that is, the food land guidelines—are inadequate; they are not mandatory, they only serve as guidelines and they reflect the hands-off attitude of this government to planning.

Delegation to municipalities is effective only if there is an overall provincial plan. The authority of the planning boards is transferred to municipal councils; that's positive. But you have to have that overall provincial plan and you have to use those policy statements so we can see exactly what your plan is.

We recognize that under the new Planning Act cabinet petitions are discontinued except on matters of provincial interest, but I'm not really sure what you define as provincial interest. It would be interesting to see whether we could have a very specific definition of what a provincial interest is.

I would also like to hear some comment from the minister on the fact that Ontario Hydro is exempt from the Planning Act. What is your rationale for that? I recognize that Hydro feels the Environmental Assessment Act is more suited to dealing with the facilities that cross the boundaries, and I also recognize that certain municipalities have found ways, through height laws and so forth, to restrict Hydro severely, but I would like to hear some comments from you on this particular exemption. Maybe I have started to answer your question for you, but I would like to hear your answer.

I would also like to know how the new bill is really all that different from the draft Planning Act. In other words, what submissions were received, where were they incorporated into the

new act and what influence did any of those submissions have on the proposed bill? I also suggest, unless I am persuaded differently by your arguments, that we refer the bill to a committee when it does come so all members can have the benefit of the municipal input. Was that your intention?

Hon. Mr. Bennett: I don't have any words on that. That was our intention at the time we introduced the bill, and we said it very clearly.

Mr. Philip: Okay. I would also like to talk about some of those policy statements. Policy statements can be ad hoc and are often open to abuse. I suggest to you that a policy statement should be in an operations manual and should be available to each of the municipalities, and I would like to know how you are planning to do that.

11:20 a.m.

The Planning Act sets out very specific responsibilities for municipalities, but in order to increase accountability I suggest to you that your policy statements and your overall planning must also be very clear so that you are also accountable. It's fine to make the municipalities accountable, but what do you specifically see as your responsibility so that we can hold you accountable or whoever happens to be in that portfolio?

The other question I would like to ask is this: Under the act the minister is entitled to require a municipality to amend its official act, and they in turn can then appeal to the Ontario Municipal Board, but as I understand the process—

Hon. Mr. Bennett: You mean its official plan.

Mr. Philip: Yes. Then the minister can overrule or uphold the OMB decision. But in a sense, do you not see that the minister is passing judgement on his own decision? First you are requiring the municipality to amend the official act in a certain way, then they appeal it to the OMB and then you pass a decision on the OMB's decision. So in a sense—

Hon. Mr. Bennett: I think you had better go back and read it. That's not what it says. There are two very distinct applications to the OMB, so I think you had better go back and study them.

Mr. Philip: Fine. Maybe you could go through it then. I would be happy to hear your comments on it.

Section 2 of the new act defines provincial interests, and under section 3 the minister is allowed to issue policy statements of provincial

interests. But when we look at this government it has never really been interested in developing firm provincial planning policies; it has generally followed the approach of letting the natural market forces operate in an uninhibited fashion.

A key example of the ineffective provincial policy is the food land guidelines. In contrast to British Columbia or Quebec this government has never been inclined to develop effective policies to protect the province's food lands; the food land guidelines are not mandatory, and, quite frankly, they are so vague that they have little impact.

Even when the cabinet rolled back the urban boundaries in the Niagara in 1977 the decision was not implemented. The fact is that BC and Quebec have acts that preserve agricultural food land. I see the Quebec act, which I have in front of me, and also the BC act, and they have teeth. Contrast those with the Ontario food land guidelines. I quote from 1(8) in the introduction to chapter one: "It should be noted that the guidelines are intended only to assist in planning for agriculture, and not intended to address the issues related to planning in rural areas." They are not mandatory in the way in which Quebec and BC have come to grips with it, and, quite frankly, I have to ask how serious you really are about the destruction of agricultural land in this province.

I refer you to Economic Analysis of the Provincial Land Use Policies in Ontario, by Mark Frankena and David Scheffman, which is published by the Ontario Economic Council, University of Toronto Press. Among other things it says:

"The province has indicated that it will not approve local official plans and amendments unless they conform to the provincial guidelines concerning agricultural land. The provincial government has been strongly criticized, however, because of the province's decision to rely on guidelines for local government action rather than direct provincial legislation to protect agricultural land.

"It has been criticized for failure to give adequate attention to preservation of agricultural land. The Toronto-centred regional plan and the COLUC report designated a number of second-tier communities for future growth of prime agricultural land."

It states further that the guidelines provide that prime agricultural land may still be converted to other uses when there is some argument for it.

The Bureau of Municipal Research turned

out a study on food for our cities in 1977 and suggested that "the food guidelines proposed by the provincial government will not ensure that better farming areas in Ontario are kept for agricultural purposes, because the guidelines are only suggestions designed to assist municipalities, counties or regions in their planning. They represent intentions rather than a method for preserving the agricultural land." And it recommends "municipalities with farm land resources make permanent agricultural designations within a specific time not exceeding two years, and a commitment by the province to impose tougher restrictions, when there is an obvious need, on land-use changes or on severances so that the main objective may be met."

We can look at the Niagara OMB decision of February 1980 as an example of the way this government operates. It says on page nine, "It appears from the letter dated February 16, 1977, from the minister to the chairman of the Regional Municipality of Niagara that the matter has been reviewed by the cabinet, and it is the decision of the cabinet to reduce the urban areas to approximately 3,000 acres." It continues on page 10 and says that "There is no explanation why the minister chose to advise the region of the cabinet's decision before approving the official plan with the modifications necessary to implement the decision.

"The result of the letter on February 16, 1977, was a flood of requests for referrals to the ministry from area municipalities, developers, individuals and other groups, which then made it impossible for the minister to implement the cabinet's decision. And although the effect has been a lengthy and costly hearing," and so forth.

Basically, either you people are incompetent when it comes to preserving food land or you are downright devious about it. I suggest to you, then, that your track record is extremely poor in this.

We look at other provincial policies—

Mr. Piché: But what you have just related proves you wrong in making that accusation.

Mr. Sheppard: Strong words.

Mr. Piché: Mr. Philip, that is very unfair. I think you should rephrase that last paragraph.

Mr. Philip: "Devious" is the word you objected to?

Mr. Piché: I would never use that against you.

Mr. Philip: Well, I would never use that against you, but I'm using it against the minister. There is quite a distinction.

Interjections.

11:30 a.m.

Mr. Chairman: If the member intends to stick to his three quarters of an hour, he has about a minute and a half left. It is entirely up to him.

Mr. Epp: Is that a minute and a half to equal the time the minister used?

Mr. Chairman: No, no.

Mr. Epp: Has the member already surpassed it?

Mr. Chairman: No. The minister was three hours, I think.

Hon. Mr. Bennett: No, no. The members took three hours arguing about Suncor; I did not.

Mr. Chairman: Mr. Philip said he was going to take approximately three quarters of an hour more.

Mr. Epp: Mr. Chairman, he also said that in any event he was not going to speak one minute longer than the minister spoke.

Mr. Philip: The minister spoke for an hour and a half, and I have 45 minutes left to make up the hour and a half. The chairman is telling me I have two minutes left in that 45 minutes; so I intend to stick to my promise. I always keep my promises. Mr. Piché will tell you that. If the word "devious" upsets Mr. Piché, only because it was Mr. Piché who raised it, I will withdraw the word "devious."

In terms of other provincial policies that have never been implemented, we could look at the problems of the Toronto-centred region plan and the land assemblies by this government which have been failures—I could go on and on but, since I have agreed that I will stick to my 45 minutes, I will conclude. My colleague Ms. Bryden, who is responsible for the municipal part of this portfolio, no doubt will be even more eloquent on the Planning Act than I have been.

Mr. Chairman: Mr. Epp, do you have any comments to make on municipal affairs at this time?

Mr. Epp: Some of the municipal aspects were covered in the opening statement; so I am going to leave it as it is. Ms. Bryden wants to make a few comments, and we will cover the municipal aspect later on.

Ms. Bryden: Mr. Chairman, this is my first experience as the critic for municipal affairs, but the minister is even newer than I am; so we are both exploring this area together.

It is rather interesting to look at the peregrinations of the municipal affairs department over the years since I came into the House in 1975. It was part of Treasury, Economics and Intergovernmental Affairs at that time, along

with federal-provincial matters. Then it was split off from TEIGA to become part of Intergovernmental Affairs, the tripartite concern of federal, provincial and municipal affairs. Now it has been bumped from IGA and shifted to housing. I wonder, does this—

Hon. Mr. Bennett: Or housing has been shifted to municipal affairs. Whichever the member wishes.

Ms. Bryden: That is one way of looking at it. But the question is, does this indicate municipal affairs is an unwanted child?

Mr. Wildman: It probably indicates that Housing is.

Hon. Mr. Bennett: No. It means there was a very compatible relationship between housing and municipal affairs. If Ms. Bryden will go back to my remarks in the House at the time of introducing the bill for the new ministry, I said it was to give municipal affairs a rightful position back with the visibility in provincial affairs that it deserves but has not had—and I say this in criticism of my own government—since about 1972.

Ms. Bryden: I think these various shifts of municipal affairs indicate a changing concept of how municipal affairs should be treated. In the Treasury, it was more or less a dependant of the holder of the purse under fairly strict financial controls. In IGA, it was the junior part of a tripartite relationship. It was during a period when the focus was on the constitutional debate with the other provinces and the federal government and on fiscal sharing developments and a review of the fiscal sharing arrangements. It was very much a forgotten part of IGA.

Now it has been shifted to the Ministry of Municipal Affairs and Housing, but under a new decentralization policy that is shown in the proposed new planning legislation.

As my colleague has mentioned, the concept now seems to be that the municipal affairs responsibilities will be mainly decentralized to the local governments. The province will provide only unlegislated guidelines, which the municipalities are not really compelled to follow. I am just wondering whether this will leave municipal affairs much more at the mercy of the developers at the local level, who then will have to persuade only the local politicians rather than having also to conform with some overall provincial guidelines.

I have some concern about the kind of decentralization that is taking place. It seems to me that in a way the provincial government is

abdication of its responsibility for overall planning and the development of provincial plans and official plans at the local level that will mesh with each other and see that all the different interests in this province are protected, that there is not too much opportunity for the developers only to have their voices heard, that this province will not be entirely paved over with housing developments or commercial developments, and that other values will not be bypassed, such as the values represented by the Niagara Escarpment Commission, which is designed to preserve a unique geographical and ecological feature of this province, or the values of recreation and adequate agricultural land.

I have some concern about the new Planning Act and, when it comes up for second reading in the House, I will be going into this more fully.

One thing I notice in the background book given to us by the minister is that he says the Ministry of Municipal Affairs and Housing has the following objectives, and I quote the first one: "To foster a healthy liaison between the provincial government and the municipal sector." We used to have a rather interesting organization called the Provincial-Municipal Liaison Committee, which met in public at least once a month and at which there was a genuine exchange between ministers of the government and various representatives of the local municipalities.

That appears to have disappeared, that open forum in which the public could participate as observers. While the minister says that consultation is going on, it is all going on behind closed doors. It seems to me that the PMLC, which I think was initiated by former Treasurer Darcy McKeough, was a very useful forum. It was both a means by which the municipal governments could prod the government on things they wanted action on or to find out what was happening and an educational forum where information was exchanged. I hope we will see that institution revived as an open forum that the press can attend to know what policies are being discussed at the municipal level.

The first thing I want to deal with, after those general comments, is that I am sure the minister realizes municipalities cannot do anything without the assurance of revenue sufficient to meet their needs. In other words, when will we get a new Edmonton commitment, which did guarantee them a certain percentage of the revenue that was coming in? I think we need a new revenue-sharing formula, because the property tax, as we all know, is a very limited tax base and not a progressive tax.

The province has access to progressive taxes, and it seems to me that it is high time it shared some of those progressive taxes on a regular, formula basis similar to what other provinces have, where they share a percentage of the income tax, a percentage of the retail sales tax, and sometimes a percentage of the corporations tax, with the municipalities on a regular basis.

Hon. Mr. Bennett: It is already there. We share a percentage of our overall revenue.

Ms. Bryden: But it is not legislated as to what percentage. I think that is correct, isn't it?

Hon. Mr. Bennett: Yes, and it will not be.

11:40 a.m.

Ms. Bryden: The municipalities are strictly at the mercy of the ministry. They cannot plan ahead if they do not know what their revenues may be in the next three or four years, even though they may have predictions in the minister's budget speeches about what his revenue may be. It seems to me the municipalities, particularly now that we are going to give them three-year terms, would like to plan ahead and would like to have a regular formula on which they could count for a certain increase in revenue each year.

Another area that really stymies the municipalities as far as planning is concerned is the fact that they are burdened with 20 per cent of welfare costs. I do not think any other province requires the municipalities to pay for a percentage of social welfare. The municipalities are paying for the mistakes of the senior government, because they do not have any control over the rate of unemployment, yet they have to pay for the victims of it. As we know, in the last few years it has gone up rapidly in Ontario and it is taking a larger and larger percentage of the municipal revenues, which means either they have to increase that regressive property tax or they have to cut services. So I think those welfare costs over which the municipalities have no control should be shifted back to the province.

Another area where the municipalities are having problems in the fiscal field is in the matter of municipal borrowing. Nobody wants to take out long-term debentures for any public works under the present crushing interest rates; but the municipalities have no control over those interest rates, it's the senior levels of government. With respect, I think Ontario could influence those levels of interest.

Hon. Mr. Bennett: No. The monetary system and the whole matter of finance are subject to

federal policy. It is not a provincial policy in Ontario any more than it is in any other province in Canada. Let us get it very clear that the interest rates charged to this country are established by a bank system that is national and by the federal government.

Ms. Bryden: What I am saying is that the province could be putting more pressure on the federal government to stop its slavish following of US interest rates and its present policies, which are resulting in these very high interest rates.

Hon. Mr. Bennett: I suppose that could be applicable to anyone. Even your leader nationally does it.

Mr. Wildman: It certainly was applicable to Sterling Lyon.

Hon. Mr. Bennett: In what respect?

Mr. Wildman: One of the main issues in that election was interest rates.

Hon. Mr. Bennett: We will see whether your provincial leader is now able to reduce it by 10 or 12 per cent, or even any portion of it.

Ms. Bryden: One of the problems is that since the municipalities do not want to, or cannot, issue debentures in their financial straitjacket, a lot of public municipal works are not getting done. Those public works would provide employment at this time when there is a great deal of unemployment and when unemployment is growing. Also, those public works are necessary to maintain the municipal infrastructure, either to improve services or even just to keep the present ones going.

The municipalities are not able to embark on any sort of economic development policies to create jobs for the people in their area because of their inability to borrow.

I noticed in the minister's opening statement that he did say he had a committee representing municipalities and the investment community to see if ways can be found to give municipalities the flexibility they need in respect of their long-term borrowing instruments. I take it this is simply to see whether, instead of having to issue 10-year debentures, they can have shorter term ones.

I hope that committee will do more than this. I hope it will look into the question of a possible government agency to make some loans to municipalities in the interests of getting necessary public works undertaken in this present situation, even if the province has to subsidize the rate to see that the municipal infrastructure is preserved and jobs are created. I hope the

minister will comment on whether that committee could go beyond just changing the instruments.

Another area where the municipalities are suffering financially is in their police costs. We all know policing costs are rising because of the rising crime rate. I am afraid increasing unemployment may also increase policing costs as more and more people are lacking work and are driven to desperation.

The present police grants only cover about one third of the costs for most municipalities. I know they were increased last spring in the new bill, but the increase was simply from \$10 to \$12 for the area municipalities and from \$15 to \$17 for the regions. They both got the same \$2 increase. There had not been an increase since 1977. That hardly covered their increase in costs over the four years.

The problem is also that some of the area municipalities have policing costs as great as or greater than the regions and yet they are confined to the \$12 rate, about \$5 below the regions. I am particularly referring to the major cities that are not part of a region.

I have a report here that shows in 1978 Brantford, Guelph, London, Nepean, Ottawa, Sarnia, Sault Ste. Marie, Thunder Bay and Windsor had average per capita policing costs that were almost \$5 more than the per capita costs for the regions. Yet they are restricted to a police per capita grant that is \$5 less than the regions get. The plight of those cities that are not part of the regions should be looked at more carefully.

Also, the overall police grants should have gone up by more than the \$2—

Hon. Mr. Bennett: Do you recommend that the province take over the entire policing?

Ms. Bryden: No. I think the larger municipalities are quite able to operate their own police forces. But I am sure the minister is equally concerned about maintaining good police services for all the residents of this province.

Mr. Sheppard: We have good police services across the province.

Ms. Bryden: Some of the municipalities are finding—

Interjections.

Mr. Chairman: Let us allow Ms. Bryden to carry on.

Ms. Bryden: —in order to give good police services—

Interjections.

Mr. Chairman: Ms. Bryden, will you carry on, please? We will save the debate for later on.

Hon. Mr. Bennett: I hope Ms. Bryden will refer to the debate we had in the Legislature last December in relation to the grants and the municipalities—

Ms. Bryden: Yes, I participated in that.

Hon. Mr. Bennett:—when the comparable figures were given by Mr. Rotenberg, my parliamentary assistant, which spelled it out very clearly. She should brief herself on it. I do not think she wants to be unfair to the government.

Ms. Bryden: But there are certain municipalities, such as Windsor, whose costs are way above the region. They are restricted to the much lower—

Hon. Mr. Bennett: They do not have nearly the same geographical area to cover as the regional police forces have.

Ms. Bryden: There may be other reasons their costs are higher. They may have a higher crime rate; they are near the international border—

Hon. Mr. Bennett: That does not mean it should all be dropped back on the province.

Ms. Bryden: The only thing the municipalities can do, if their costs are high and their grants are not adequate, is to raise the property tax load on home owners or to spend less money on other services. Those are choices that are very unpopular.

Hon. Mr. Bennett: But they are also applicable to this government.

Ms. Bryden: This government has access to more progressive rates of tax than the property tax. Until you provide a formula that lets them share in that, it seems undesirable to try to maintain good policing services by asking some municipalities to put a greater load still on the local people. Most municipalities do that rather than reduce police services, because they feel it is very important. But it does give them less money to carry on their other responsibilities.

11:50 a.m.

Leaving the fiscal picture for the moment, there were some other areas I wanted to discuss with the minister. One is the question of open meetings, particularly committee of the whole meetings and open standing committee meetings. These, as the minister knows, are not required to be open, even though council and local board meetings are required to be open under the present municipal act.

We debated this in the House when I presented my private member's bill calling for

legislation requiring open meetings of all committees as well as of council and board meetings. The minister was not even in the House during that debate, and he did not vote one way or the other on it, despite the fact in August at the municipal association's conference he said he believed openness should be the rule.

Hon. Mr. Bennett: What else did I say?

Ms. Bryden: As long as one has several hundred local municipalities and boards closing their committee meetings, one does not have a democratic system in this province because the decision-making is not open to the press and the public. I understand that of those several hundred that have closed meetings, they do practically all their business in the closed meetings and then the open meetings of council or the boards are simply rubber-stamp meetings. Mr. Minister, that is not democracy.

Hon. Mr. Bennett: But they are elected.

Ms. Bryden: I will get to that in a minute. We have had the Ontario commission on freedom of information in 1980 say the legislation was defective in this area and should apply to all meetings, not just to council meetings. We have also had the Ontario Press Council, after an inquiry into a particular case, urge that the only answer appeared to be legislation requiring them to open them.

The minister, in his opening statement, ducks out of the question by saying the final recourse is for the electorate to turn out those municipal politicians who close their meetings. I submit in a lot of cases, if the residents do not know what is going on, their ability to turn out those politicians is reduced. They are not able to bring out the facts of what is happening, and the election is then run on a series of allegations, rumours and unsubstantiated charges. If the decisions had been made in the open the elections could be based on a discussion of the facts. Most provincial meetings are open. Committees rarely hold in camera meetings.

Hon. Mr. Bennett: Caucuses do.

Ms. Bryden: I do not believe caucuses should be open. I think there is a distinction between caucus meetings, which are groups of one particular interest or party deciding on their strategy in dealing with a public question; any reference is to meetings of official standing committees or committees of the whole to which all members of a local board are eligible to attend.

Those are dealing with public spending, with public matters, with ultimate legislation, bylaws

and so on. Those meetings should be open so the public is aware of what the considerations were that led to the adoption of a particular policy or expenditure.

It is ironic school board committee meetings, as well as school board general meetings, under the Education Act, do have to be open. But under the Municipal Act, municipal meetings and other local boards do not have to be open. There are a great many special purpose bodies in this province that do not hold open meetings on all their business. There are library boards and things of that sort. This is another reason we need legislation in this area.

Moving on, I commend the minister for at last bringing in the three-year term. I think it is long overdue. If we as legislators need four and five years to plan ahead and deal with the business we are elected to look after, I think municipal people need at least three years to go into long-term planning and to familiarize themselves with the problems. I am glad the minister is making it uniform across the province.

While he was in the process of changing the municipal electoral system, I hoped we would have seen legislation calling for reform of the electoral system of upper-tier municipalities in two respects. I think it is time that upper-tier municipalities had directly elected members who would be directly accountable to the electorate they represent, possibly on a ward system.

Under the present system, while many in the area municipalities are automatically on the upper tier, they tend in their election campaigns to run as the representative of the area municipality and not to discuss upper-tier problems. They are not really accountable to the electorate in any direct sense for their actions at the upper tier.

I think that change was recommended for Metro Toronto by Mr. John Robarts in his report. The Metro Toronto region has had over 25 years' experience as a region and it has continued to be a problem that Metro council is remote from the residents. They do not discuss their policies very much during the elections.

The second area of reform for the upper-tier regions is in the matter of the choice of chairman. I think the chairmen of those upper-tier boards should not be officials appointed by the provincial government. In most areas we have got away from that, although it did prevail at the beginning of—

Hon. Mr. Bennett: All of them, because since

the government appointed one, obviously the council has made the decision whether it wished to retain him or otherwise.

Ms. Bryden: That was possibly a transitional measure, but now the present system whereby any person can be appointed by the council still means a person who has not been elected by the electorate in any sense can become the chairman of an upper tier. That person is not accountable to any electorate. In the same way we elect a Premier of this province from a constituency, the chairman of any upper-tier region should be elected from one of the area municipalities or, if we get direct election, he should be elected as a direct election councillor of the upper-tier region.

I think this should also apply to counties. Members of the counties should be elected to their area municipalities and to the counties, even though they are automatically on. There is a proposal from one of the counties that they should have what they call double direct election. The ballot would indicate the person is running for both county member and area municipality councillor so the electorate would be aware they are electing somebody to the county. I think that suggestion is worth looking at. I think the municipality of Essex put forward the idea of double direct election.

12 noon

One of the other areas I wanted to deal with is the question of appointments to boards, review panels, the boundary secretariat that is being set up under the new Boundaries Act and advisory committees. You will recall we discussed this at some length during the bill setting up the ministry, in particular under the section authorizing the minister to appoint advisory committees. The present legislation gives him the power to appoint advisory committees for any purpose and to appoint any persons he wishes to them.

My feeling is in an area as close to people as municipal affairs, there should be consultation with the municipal organizations as to the people who should serve on those committees representing the local points of view. The ministry can then appoint some people representing the provincial point of view.

Not only should there be consultation, but there should probably be a provision for the municipal association to nominate a panel of people to serve on advisory committees and the choices could then be made by the minister from that panel or the actual persons nominated

by the local associations would automatically be on as 50 per cent of each committee. That would mean they would be genuine advisory committees representing local municipalities with the ministry appointing the other half from the general provincial representatives, not just civil servants but the public at large.

I would also hope there would be a wide cross-section of interests represented on those advisory committees from different community groups, groups interested in the environment or things of that sort because municipal legislation does cut across a lot of fields. It is almost as broad as provincial jurisdiction.

In the minister's opening remarks, there were a couple of areas that concerned me about which I wanted some further clarification. On page 36 he talked about: "The government will soon be making a response to concerns for improved financial control and political accountability in local government. We will have to agree on the principles governing policy, financial and organizational relationships between municipal councils and local boards for the next decade or so."

Does this paragraph relate to the problem of municipal councils wishing to control the budgets of local school boards? I know there is agitation by some municipal councils for this and there is equally strong feeling by local school boards that they are elected to meet the educational needs of the area and that, whatever budget they choose, should be collected for them by the municipality. I would like a comment on that.

Hon. Mr. Bennett: Maybe I can clarify it right here. There is no sense in leaving it in a hiatus position. It was not my intention or thought that school board expenditures should come under the eye of council. However, I think school boards do have a fairly responsible part to communicate to municipalities what their long-term planning is going to be so that wise expenditures in servicing and so on can be undertaken by the municipal council. Council is held accountable for making sure whatever services are required are there at the time the school board wants to locate. It was not our intention that the municipal council would have—let us use the terminology that seems to have popularity today—veto power over that particular board.

Ms. Bryden: That is good news to all the school boards that were somewhat nervous about it.

Hon. Mr. Bennett: I do not think the school boards were ever in doubt.

Ms. Bryden: I am not sure.

Hon. Mr. Bennett: If they were, it was of their own making.

Ms. Bryden: Another area the minister mentioned was the decontrol in the Niagara Escarpment planning area. Development control has been dropped for a considerably large area and is now restricted to a fairly small area. I am very concerned as to whether the dropping of it is going to put the escarpment in jeopardy, whether a sufficient area is now covered. It seems the hearings do not allow any group to suggest that the planning area should be expanded. There may be some areas where it probably should be expanded, but that is the restrictive nature of the present legislation.

I would be very concerned if a great part of the proposed planning area was put under decontrol. Certainly I cannot see any good reason for allowing very much in the way of aggregate development or housing or hotel development on the escarpment itself. The area is so limited and these kinds of activities really put the ecology of the area and its unique features under great pressure.

Another area where the minister took a great deal of pride, when he was talking about community development, was the development of the Malvern community. I am getting into the housing area a little bit on this, although I think Malvern is an example of community planning under municipal planning. You did not even mention the major problem of Malvern right now that we all know about and that is very much in the newspapers. That is the removal of the radioactive soil there. I am not blaming the minister for not knowing about the radioactive soil when the community was developed.

Hon. Mr. Bennett: I think that belongs under some other ministry, not this ministry, so that is why I did not comment. Even if I was giving a review of all the government of Ontario ministries—

Ms. Bryden: I would think, though, you would be pressing all the other ministries to solve this problem as quickly as possible, because it certainly is putting a damper on any further development in that area. It is destroy-

ing the property values of those who went into that area in good faith as part of our government development.

Hon. Mr. Bennett: Take a trip up to Malvern before you make that statement.

Ms. Bryden: You feel the property values are not—

Hon. Mr. Bennett: I am not talking about that. You said properties were not selling up there and so on, things were not moving. I suggest you take a trip up there and look first.

Ms. Bryden: Of course, there are so few places where reasonably-priced housing is available, but the people who have bought there—

Hon. Mr. Bennett: That wasn't the argument you were making originally. That is why I suggest you take a trip up there.

Ms. Bryden: But I would suggest you put much more pressure on your fellow ministers and on the federal government to get this radioactive problem solved. Certainly the people there are living in constant fear of the effects of this soil. We do not know what its possible effects are. Until that is removed the development will be under a cloud. I think that should be removed.

Hon. Mr. Bennett: No one argues that point.

Ms. Bryden: Have you done anything to try to put pressure on—

Hon. Mr. Bennett: Our government has. Obviously, cabinet has taken its position on the issue, through the Premier (Mr. Davis), the Minister of Intergovernmental Affairs (Mr. Wells) and the Minister of the Environment (Mr. Norton). I do not think you should expect the Minister of Municipal Affairs and Housing is going to be into every argument that takes place between this government and the federal government. That is why we have a Minister of Intergovernmental Affairs.

Ms. Bryden: You don't seem to be getting results. That is the thing that is bothering me.

Hon. Mr. Bennett: I guess you would say the law is at work and I am not a lawyer. The way we produce legislation around here, there are days when I wish I were, because there's a built-in pension plan.

12:10 p.m.

Ms. Bryden: With regard to hazardous substances, I understand there is a law requiring that no housing can be built on property that has been used for a landfill for at least 25 years. Is

the ministry enforcing this law by checking out where all the landfill sites are and reviewing this aspect before any applications come forward?

Hon. Mr. Bennett: You're not referring to Malvern?

Ms. Bryden: I'm not referring to Malvern, no, because you did not know about that. But there are closed landfill sites throughout the province.

Hon. Mr. Bennett: Malvern was not a landfill site.

Ms. Bryden: I agree with that. There was just a factory that left its waste behind.

Hon. Mr. Bennett: I didn't want complications or confusion in Hansard so that somebody thought Malvern was a landfill site. It was not.

Ms. Bryden: But this is another concern, that housing should not be built on a former landfill site for at least 25 years and until the soil has been checked. I know houses have been built in some cases on such landfill sites and there have been problems with methane gas.

Hon. Mr. Bennett: Right.

Ms. Bryden: I would like to know if the ministry has the machinery in place to track down all the potential landfill sites that might become housing development sites to make sure this is looked into, so we do not have the situations we have had in the past.

I think those are the main points I wanted to raise and I will deal with the other items as we come to them, piece by piece.

Mr. Chairman: Do you wish to start the response now or wait until we come back after lunch at two o'clock? We will recess until two o'clock unless there are any other members—

Hon. Mr. Bennett: Mr. Brandt may want to say something to get himself on the record so they know he was here at the adjournment hour.

Mr. Brandt: I will wait until after we come back.

Mr. Chairman: You will handle it on a full stomach, will you?

Mr. Brandt: It doesn't have to be on a full stomach.

Mr. Epp: I was wondering if the minister had some comments with respect to the opening statements.

Hon. Mr. Bennett: I will when we come back at two. I don't think there is any sense in starting in at 12:15 when we are going to adjourn at 12:30.

Mr. Epp: That depends on how long you are going to be.

Hon. Mr. Bennett: I am told I will get equal time again. I use the word "again."

The committee recessed at 12:14 p.m.

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Ontario LEGISLATIVE ASSEMBLY

No. G-7

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government
Estimates, Ministry of Municipal Affairs and Housing



First Session, Thirty-Second Parliament
Wednesday, November 18, 1981
Afternoon Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 18, 1981

The committee resumed at 2:06 p.m. in committee room No. 1.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

(continued)

Mr. Chairman: I think we are ready to proceed.

Hon. Mr. Bennett: I was just going to respond.

Mr. Epp: While you are responding, maybe your attention could be drawn to the fact it has just been announced that South Cayuga is not going to go ahead. The government spent \$35 million to buy that land and now they are not going to put that reclamation project there. Since the government a year ago next week announced it with great fanfare, maybe you can tell us what you are going to do with the \$35 million that has been invested in the 1,200 acres of land.

Hon. Mr. Bennett: I suggest to the honourable member that in due course the government will make its announcement relating to any land disposals, whether it be that site or any other site. I have two political parties in opposition: one believes we should have land holdings and one believes there should be fewer land holdings. I take it what you are suggesting to me is that we should have fewer land holdings and we should do something with Cayuga that may not be along the lines for its use that we had indicated a year ago.

Mr. Epp: I am of the opinion that if the government is going to spend \$35 million for land, it should have some plan for it. There are 1,200 acres, 100 of which were going to be used for this particular site. After many years, the government said it had finally found a use for it. Now it seems that after 51 weeks the use is no longer applicable and they are still ending up with—

Hon. Mr. Bennett: I have to ask you in whose interpretation it is no longer applicable.

Mr. Epp: Applicable for that project, as has been announced just a few minutes ago—

Hon. Mr. Bennett: That is something I will have to—

Mr. Epp: —unless you were not aware they had cancelled that.

Hon. Mr. Bennett: I must tell you I have not been in cabinet today, as you obviously are aware. Whatever decisions there might have been related to that, I would have to be briefed on.

Ms. Bryden: This is the decision of Dr. Chant's board. They are having a press conference right now.

Hon. Mr. Bennett: That is something I have not been briefed on. Obviously Dr. Chant and his committee have decided that is not the location. So be it. We will go back to the drawing board and try to design it. Your party is rather interesting because first you will tell me I have a lot of surplus land on hand, and the next day you will tell me I do not have enough land on hand. You want the best of both worlds. You want to be both left and right of centre.

2:10 p.m.

Ms. Bryden: It depends on what use you put it to. Public housing might be useful.

Hon. Mr. Bennett: Let us be honest with ourselves. I think you want to shade that situation. The fact remains there is no sense in building housing in an area that may not have any market.

Ms. Bryden: There is a market almost everywhere in this province.

Hon. Mr. Bennett: We do not intend to start moving people by force into various parts of the province. We still have a democratic system where one has the right to live where one believes one wants to live. One can offer all the incentives one wants, but let us be clear about it: people will still only go to areas they want to be in.

The Metropolitan Toronto area happens to be a prime example. Federal, provincial and municipal governments have offered incentives to try to get people to move away from the central core of this province, away from Metropolitan Toronto. It still has a drawing power greater than all the financial resources the government wants to put to work.

Let us look not only at democratic systems.

Even in a country known as the Soviet Union, which has a rather different political system from the one we happen to have, with all that country's great planners, designers, economists and so on, people still want to live in Moscow. It is still of interest that people want to go where they believe they will feel more comfortable.

Ms. Bryden: Have you done a survey of the housing needs?

Hon. Mr. Bennett: I appreciate the member's inquiries about Dr. Chant's remarks this afternoon. I have not been advised of them. Obviously, he is reporting to the government and he is making a public pronouncement. The government will have its position in relation to whether it be Cayuga or any other location he and his committee happen to recommend to government as a potential location for the waste disposal site.

Ms. Bryden: I hope you will have a housing survey done of the need in that area to see whether the land might be used for housing.

Hon. Mr. Bennett: Ms. Bryden, I trust you realize housing surveys are on a constant basis, not only by the government itself in Ontario, but we finance housing survey reports for individual municipalities and regions.

Ms. Bryden: I know that. Has one been done recently for the South Cayuga area?

Hon. Mr. Bennett: I can inquire about that without any difficulty, but I would suggest that, from the number of applications I have signed from this community as well as other communities in the province, it would be hard to believe there has not been a relatively recent one done.

Mr. Brandt: Mr. Minister, I think the announcement, if it unfolds as the honourable member has suggested within the next few moments, would be welcomed by the Liberal Party. I have heard nothing but opposition from that particular party with respect to that specific site. I have also heard some suggestion that the only reason that site was chosen was it happens to be the home riding of a member of a particular political party.

All those things have now not come to pass, obviously. I would suggest there should be an announcement of welcome in response from the Liberal Party and I will look with great anticipation to the time when that comes.

Mr. Epp: What you are saying is that when they do build their plant they will probably put it in a Conservative member's riding.

Mr. Brandt: I would say this government will use appropriate judgement and put it where it makes the most sense. That is what they will probably do.

Mr. Epp: That is what they told us a year ago they were going to do with South Cayuga. Now they are saying their sense has changed since last year. They said after appropriate study—

Hon. Mr. Bennett: No, in fairness to the government, there were several locations indicated as potential.

Mr. Epp: Seventeen of them.

Hon. Mr. Bennett: I forget the exact number. There was a fair number of them, and as you recall—

Mr. McDonald: Then it came down to four.

Hon. Mr. Bennett: That is right. As Mr. McDonald indicates, it came down to four. It was the government's opinion that the accessibility and the ground formation, that is the soil formation and everything else in this particular site, appeared to have all the attributes that would accommodate waste disposal.

Mr. Epp: But the site that was chosen, as you remember, Mr. Minister, was never on the list of the 17. It was neither first, nor last. It was never on that list.

Hon. Mr. Bennett: Yes, it was. I have to tell you they came to us asking certain advice and background. We gave them as much as we could, as you can well see.

Mr. Epp: That was after the study.

Hon. Mr. Bennett: It is great when you can brief yourself on one situation five minutes before the minister. I am not going to get into a prolonged argument here this afternoon. I take it what you are suggesting is that if Dr. Chant and his committee suggest there is a site in your riding that is appropriate, you are fully willing to accept that?

Mr. Epp: I am sure Waterloo was not one of the 17 sites that—

Hon. Mr. Bennett: Then you can speak with a degree of confidence.

Mr. Epp: If you are going to say that you are going to use the same judgement in putting it in my riding as you used in putting it in South Cayuga, I would think you have—

Hon. Mr. Bennett: I did not say "we"; I said "Dr. Chant."

Mr. Epp: It was not originally Dr. Chant's decision to go into South Cayuga; it was the government's decision.

Mr. Chairman: I do not think the minister has the answer for either of those questions here. Perhaps he should continue with his response.

Hon. Mr. Bennett: I appreciate the information given to us by the member for Waterloo North.

This afternoon I was trying to respond to some of the remarks raised by several members of the committee over the last two sitting days of this committee. Mr. Philip indicated to me this morning he would not be present this afternoon because he had some pressing problems in his riding and would prefer if I tried to defer any comments on his remarks. I am not sure that sits positively with all the members of the committee.

I shall try to respond according to the remarks that were made. If Mr. Philip, a week from today, wishes to raise some of the issues once again, I will not be offended and will attempt to answer them.

When Mr. McEwen and others spoke last week, they related to what was happening in the rental field—

Mr. Wildman: Where is Mr. McEwen?

Hon. Mr. Bennett: Mr. Wildman, I have enough trouble making sure that I and all the staff of the ministry are here at two o'clock. Maybe you would like to go out and try to find him.

One of the things I want to comment on is the fact we had indicated the Ontario rental construction loan program had a total of 15,000 units allocated to it by the province, which would commit about \$90 million in interest-free mortgage money given to developers, whether they be companies or individuals, who would develop units in this province.

This past week the federal minister announced the federal government would go into a rental construction loan program as well for 15,000 units in all of Canada. I trust we all realize that 15,000 units for all of Canada is not likely to meet the requirements of the major municipalities or urban centres of this country. If we were to take Vancouver, Toronto and one or two other cities, we would find that figure falls somewhat short of the mark.

I am not sure whether the federal program will piggyback on the Ontario program, but I am proud, and I suppose there is a degree of flattery in the fact, that the federal government's program is designed considerably along the lines of the Ontario rental construction loan program. We will not be sure for the next few

days whether the federal government program will in any way piggyback on the Ontario program.

I am pleased Mr. Allan MacEachen, the federal Minister of Finance, as of yesterday amended his budget to accommodate the quick write-off position for soft costs that will allow the Ontario rental construction loan program to continue to proceed, accept applications and see more units under construction. It is unfortunate that in his original announcement he said the fast write-off of soft costs would cease as of November 12 of the current year. Obviously, he has had to reconsider.

If the soft costs were to cease as of November 13, 1981, the value of a \$7,500 interest-free loan program at the federal level for 15,000 units is nullified completely. Canada Mortgage and Housing Corporation and my ministry are fully aware that without the multiple-unit residential buildings program, which is the soft-cost write-off, the \$7,500 program has no reality to the economics of the day.

If Mr. MacEachen and the federal government are not prepared to look at extending the MURB program into 1982, the possibilities of people picking up the \$7,500 program at the federal level become somewhat remote. I have difficulty trying to rationize how one is going to find that many applications and foundations in place by the conclusion of December of the current year to make use of the \$7,500 program.

It is beyond my comprehension how it can be done. We know what lead time it took under the Ontario rental construction loan program. I do not see it being possible, in particular since they have not allocated the number of units per province or per community at this time, at least not to our knowledge. Let me say, though, that the Ontario rental construction loan program has produced about 7,200 units positively under construction in this province in November of this current year.

2:20 p.m.

Mr. Epp: How many in Toronto?

Hon. Mr. Bennett: In the heart of Toronto, 10. I make no apology. The cost of land puts it far beyond the terms of reference of the Ontario rental construction loan program. It would never bring a unit into the middle income or lower income brackets—we might as well face reality—any more than you could build it in the heart of the city of Ottawa or London or Hamilton and bring it within the dollar and cents proposition of this government and have it

accepted by the mortgage insurance company, whatever that happens to be.

But overall, in the adjacent municipalities of this particular community—and I am referring to Brampton, to North York, to Scarborough—there are just short of 3,000 units being constructed, of which 20 per cent, as you know, will eventually be made available for the rent subsidy program, for those on the waiting lists of the various areas or housing authorities that happen to have units being built in the community. As I have indicated, in Brampton there are just short of 1,400 units being built, in Mississauga just short of 1,000, in North York about 200, and in Scarborough about 450.

Mr. McEwen at the time said this was a big deal. It is easy to criticize and easy to knock, but let me suggest very strongly to this committee that it was a positive deal for a number of developers in this province. At this moment we have better than 22,000 applications for units. I would insist that without the Ontario rental construction assistance there would not have been rental starts this year in a great number of communities.

Let me tell Mr. Wildman that in Blind River, for example, there are 80 units and we know very clearly they would not have been started, save and except for the ORCL program. In Kingston there are just short of 400, in Kitchener there are nearly 600, in London there are just a little better than 800. In Renfrew, and I'm sure most of you know Renfrew, which happens to be in the eastern part of our province, 66 units are being started, and they would not have started without ORCL. In Sault Ste. Marie there are 650. In Moose Creek, which is not a thriving metropolis but a community somewhat north of Cornwall, there are at least six units under construction, which appear to be going to satisfy the housing requirements in that community at the moment.

As I have said, there is something better than 7,000; with today's approvals and so on, I guess the figure would come closer to 7,600 units started. I am very hopeful that we are going to see the whole 15,000 units that we allocated for this program under construction. I suppose it would be fair to say we might very well have to extend the period from December 31 of the current year to the end of the provincial fiscal year in March 1982. That decision has not been made, but it is one we are considering very sincerely at the moment.

In reply to my remarks last week, I think Mr. McEwen underestimated the importance of the

CMHC mortgage insurance. There are only two companies, only two organizations in all of Canada today that offer mortgage insurance. If I had made that statement a week ago, I would have said there were three: CMHC, Mortgage Insurance Company of Canada and Insmore Mortgage Insurance Company. As of last Thursday, Mortgage Insurance Company of Canada and Insmore amalgamated, put their forces together, because of market conditions. Today we are back to CMHC and Mortgage Insurance Company of Canada as amalgamated with Insmore. They are the only two offering mortgage insurance funding in this country—not only in Ontario but in this country.

I have said clearly that CMHC, which is likely the firm that is looked at with a degree of preference by developers, mainly because it has the backing of the federal government, has decided on a fairly low ratio of mortgage insurance for the cost of construction. I have great hopes, and I think the federal budget indicated, there could be some changes in the legislation that will allow CMHC to look at a greater percentage of mortgage insurance to the capital costs of the structure in the future. The fact is, at this very moment, the legislation has not been changed. As a result, there are a number of developers who are somewhat reluctant to go into construction until they can have a greater percentage of mortgage insurance than is available to them at the moment. At one time you used to get into the 70 or 75 per cent bracket of mortgage insurance. Today we are looking at brackets that are considerably below that, around 50 to 60 per cent. That means the capital cost or the equity factor to individual contractors, in their opinion, seems excessively high and does not warrant that kind of risk.

Mr. McEwen also expressed some concern about the conversion of rental units to condominiums. I want to emphasize once again, as I have in the House, that this is not a widespread situation in Ontario. We realize that in some communities in the United States it has gained considerable steam, but it certainly has not in this province. As I indicated in the House, and I want to repeat it here this afternoon, over the past six years just over 6,000 rental units have received final approval for conversion to condominium ownership.

It is interesting to look at the numbers because it indicates the trend we are facing in this province. In 1976, better than 2,000 units were converted; in 1977, 1,600 units were converted; in 1978, there were fewer than 700;

in 1979, there were just over 1,000; in 1980, for the full year, there were 483, and until September of the current year, 1981, there was a total of 199 units that were converted from rental to condominium. In other words, Ontario has not experienced a major shift of units from rental to condominium. I do not anticipate at this time, from all the indicators, that we are going to see a very drastic shift in this direction.

Mr. Epp: Is that 6,000 in one year?

Hon. Mr. Bennett: No, over six years. The figures I gave you were from 1976 to 1981, and they come to roughly 6,000 units.

Let me indicate to all the members and to the general public that it has not been the practice of either my predecessors or myself to approve any conversion to condominiums in any community in this province without the municipality's support. If the municipality refuses the conversion, then it is rejected by the minister's office, and that has been the procedure over the past number of years. If the municipality approves it, because of the autonomy we all believe municipalities should have, generally speaking and to the best of my knowledge, we have gone along with it.

We have suggested very clearly to municipalities they seriously look at rental conversion to condominiums. We have suggested they try to relate it to the market they are dealing with and to the number of rental units. Several municipalities, about 20 in this province, have already established a conversion policy that sets down at least some criteria for trying to rationalize the conversion in their communities. We have suggested to them that they should look at the overall mix of rental accommodation in the municipality compared with the owner-occupied units, both freehold and condominium. They should also look at the availability of similar rental units in the general neighbourhood for those displaced by the conversion. We have given them as another guideline the vacancy rate of rental accommodation across their particular municipality. I would like to say again that about 20 major urban municipalities have adopted this conversion approach.

Let me touch on another issue raised by Mr. McEwan, relating to the Planning Act, which would permit municipalities to manage their own affairs. Mr. Philip and Ms. Bryden raised the question this morning. It would be best if I tell members some of the highlights of the revised act as it relates to the municipal role. The Planning Act will place the responsibility for local planning authority in the first instance

with the municipal council. Planning authority will be assigned or delegated to municipal councils as follows:

Authority to prepare and adopt official plans and amendments will be assigned directly in the act to all municipal councils, including county councils. Approval of official plans of the lower tier municipalities will be delegated to qualifying upper tier municipalities. Subdivision and condominium approval powers will be delegated by the minister to councils of regions, restructured counties, the district of Muskoka and Metropolitan Toronto, and, outside the above areas, to councils of counties and cities and to appointed planning boards in the northern part of our province.

2:30 p.m.

Land severance approval powers will be assigned to councils of regions, restructured counties, the district of Muskoka and Metropolitan Toronto, and, outside these areas, to councils of counties and cities. The regions and counties can in turn subdelegate to area municipalities with the minister's concurrence, delegated by the minister under special circumstances, to some municipalities and appointed planning boards in the northern part of Ontario. All local councils will be assigned the following: general zoning powers; site plan control powers granting minor variances to zoning bylaws; community improvement and redevelopment powers; and maintenance and occupancy bylaws. I'm sorry Mr. McEwen is not here. I'd like to tell him that the revised act does provide municipalities with the opportunity to take greater responsibility for keeping their own communities in order.

I suppose I should return for a moment to housing. Mr. McEwen again made a remark relating to the new rent scale for senior citizens. My press release and those of Ontario Housing Corporation spell out the situation very clearly. While Mr. McEwen might feel \$13 million does not really make a great deal of difference, we were concerned to try to keep things in their proper perspective, so that each part of our community or society does pay its share. I'd have to say, and I have been the minister now for three years and 10 months, that we have been very much aware of the seniors and their problems, but I have difficulty in believing in this day and age a rent of \$110 a month for a single person or pensioner is extremely unreasonable. In my opinion, and I suppose someone will find fault with that position, it does not really constitute a hardship to pensioners under

the schemes provided both federally and provincially.

There have been a number of inquiries, both by the NDP and the Liberals, referring to the plight of discharged psychiatric patients. As the estimates go on, I will ask Mr. McDonald, the assistant deputy minister, to elaborate upon some of the plans and programs we have been jointly working out with the Ministry of Community and Social Services and the Ministry of Health, and how we can in the short term offer shelter opportunities for former patients of the various institutions in this province. I want to emphasize that the lead ministry in trying to resolve the problem is the Ministry of Health and we hope within not too long a period of time that we will have a report that will try to indicate the short-term bed requirement and how that bed requirement will be met, and indeed, in the long-term range, how some of the situations will take place. That will be a tri-minister report that will come, I hope, early in the new year.

The next issue that was raised related to high house prices and interest rates. I don't think there is a soul anywhere in this province or in this country who is not concerned about both of them, because of their impact on the general economy. But I do not accept the remarks made by Mr. McEwen and by Mr. Philip, saying 35,000 home owners will be in trouble as a result of mortgage renewals in the next one or two months. I did say to the Legislature, and I set it out rather clearly, that based on a 22 per cent interest rate on a mortgage, of those mortgages that were renewed in the current year, there were roughly 35,000 that would be paying 30 per cent or more towards shelter. I did not say, and I am not about to say, those 35,000 are all going to be in trouble. I think we are all realistic enough to rationalize the fact that some of them will have some difficulties. That is why I think Mr. Cosgrove offered some solution to the problem, or tried to offer some solution to the problem, in the MacEachen budget of a week ago tomorrow.

I would indicate very clearly, as the mortgage rate drops from 22 per cent to whatever it might be, that there will be a rather substantial reduction in the number of people who will be spending in excess of 30 per cent of their income on shelter. At 19 per cent, the level would drop to something like 29,000 households. As of tomorrow I think we will see it at that figure or less.

We also heard it indicated that there was a substantial number of defaults. I suppose we

could debate the defaults in this country over the past number of months. I don't wish to demean the situation but I know there are many ways people can walk away from an ownership rather than showing it as a default. But our indication is the default rate is about half what it was last year. Again I say we could debate that as being correct or otherwise, but those are the facts and figures given to us by Canada Mortgage and Housing Corporation, the mortgage insurance people and the banks that the federal government and this ministry have checked.

Some could very well be paying off their mortgages or making substantial reductions on the principal factor. I don't have all those facts and I doubt if any government does.

We should always look at the banks and give them a kick when they are not doing this or that right, but the fact remains that only about 12 per cent of all the mortgages in this country are held by banks. There is a much higher percentage, maybe three or four times, that is held privately where we do not know what interest rates are paid nor what the terms of repayment might be. While it is easy to kick hell out of the banks, we have to keep clearly in mind the banks are not the principals in this financial area of housing, there are also the credit unions and a few others that don't mind charging the interest rates that go with the market.

Mr. Epp: Mr. Minister, could I just get clarification of the figure that you mentioned? Is it 12 per cent of the residential mortgages, 12 per cent of all the mortgages held by banks, or 12 per cent of the total amount of money invested in—

Hon. Mr. Bennett: No. We were talking about 12 per cent of the mortgages held. Obviously, private mortgages and high-rise apartments are not.

Mr. Epp: You are just talking about—

Hon. Mr. Bennett: I am talking mainly of private residential ownership.

Mr. Epp: Not of high-rise, et cetera?

Hon. Mr. Bennett: That is correct. You would appreciate, Mr. Epp, that is a whole different ball game. There are a lot of young people whose parents or in-laws have—

Mr. Epp: Or outlaws.

Hon. Mr. Bennett: Only if they are Liberals. Many parents or in-laws have given that opportunity to a young person, or I guess even some older people. It is a rather interesting statistic and you really have to look at it carefully. You

likely know people who have private mortgages. All you have to do is talk to the average lawyer and he will tell you the number of private mortgages he has through his own law firm is rather substantial.

One of the things we see today in the high priced real estate market is the vendor taking the mortgage back at a somewhat reduced rate of interest compared to the market of the day.

Mr. Epp: To try to sell the property.

Hon. Mr. Bennett: To move it. Regardless of what the price happens to be, if the individual looks at the mortgage and what his monthly payments will be, sometimes that is more advantageous than worrying about the actual capital cost of the home.

We realize the price of real estate has continued to climb. People from all income brackets have bought and sold real estate, whether in this market or in any of the more affluent markets in the province. It does not mean they are speculating; nor does it mean they are land developers or promoters.

They happen to be individuals who moved to Cabbagetown, as an example, and bought a home four or five years ago at a relatively interesting price, and spent a great deal of time. They may have sweat equity involved in the project and because of today's market conditions decide to sell it to get as much as they could out of it; to turn around and buy another property with a higher equity factor in it, maybe an upgrade in their living conditions.

2:40 p.m.

I find it difficult at times to accept the criticism that that is wrong. I think some of our communities in this province have been improved considerably as a result of individuals who had a keen desire to refurbish a home and who realize that somewhere down the road when they are later involved in it, that it can be turned over on a capital improvement without taxation. It would afford them and their family the opportunity to live in another district, maybe of a little different calibre or it may be closer to schools for the children. I find it hard to fault that individual who has spent his time, his weekends and his nights, doing something that improved the quality of housing and that he was able to capitalize on over a period of time.

We have watched what has happened to the price of the average home. I do not like to use averages, and I have said that many times in the Legislature, because averages can be completely misleading. In any given month if you

happen to have a very substantial number of house sales that are over \$200,000 or \$250,000 they can distort the average very quickly. But if we are going to talk about average prices just for a moment, back in July the average home in this community was roughly \$104,000. In October of the current year it was down to around \$97,500, so there has been some market adjustments, obviously because of the cost of money.

If we look at this market in October, 21 per cent of the houses sold in Metro Toronto were below \$60,000 and 45 per cent of the homes sold in the Metropolitan Toronto area were less than \$80,000. Those are the October statistics. Sometimes that averaging can be a rather misleading indicator to the general public.

I have talked about the number of vendors who are taking back mortgages, but I think that we have two problems and I am not trying to hide either one of them. They are home ownership, which is expensive; and secondly, the rental accommodation, which I hope that we will find some way of improving, either singularly by the province or with the co-operation of piggybacking by the federal government program.

We were told that Ontario Housing Corporation's actual capital construction program over the last number of years has been limited. I have recognized that and I have admitted to it, not only in the estimates a year ago and the year before but on many occasions while speaking in the House and at various gatherings throughout the province. This province, along with all the other provinces and the federal government, got out of the capital program in major areas save and except for isolated communities or small communities in various remote parts of the province.

We have basically relied on trying to get the nonprofit housing sector, whether it be private, municipally owned or the co-ops, to develop units scattered throughout the various municipalities. For our participation, funding and so on, we take back a percentage of the units for middle- and low-income people.

Not only government but the whole Legislature has to be somewhat proud of the fact that over the last 16 years the government and the people, through taxes, have acquired about 94,000 units of public ownership, valued somewhere in the range of \$2 billion. If one was to take into account the number of units that we have on our rent supplement program by the private sector, the nonprofits, the co-ops, the private nonprofits and the public and those

other rent-geared-to-income units that the co-ops and nonprofits have, we would have a total allocation of something in the range of 114,000 units in Ontario, which houses virtually a quarter of a million people, whether they be families or seniors.

I take a certain pleasure in saying that over the last period of time—the last year or so—we have expanded the Ontario Housing Corporation's policy to accommodate the physically handicapped to a greater extent than before. The new policy of the OHC board, as was adopted by this province, is housing for mentally retarded persons in what we think are comfortable and reasonably priced units.

I might just say on that issue that no local housing authority is challenged to try to determine whether a mentally retarded person is eligible for occupancy in one of the public housing units. We have to a very great extent given that responsibility to the association for the mentally retarded in the community in which the individual is applying. They would determine whether that individual has the competence and capability of looking after himself or herself in their own living accommodation. That was one of the conditions we put on it because we felt it was very important that we not try to challenge a housing authority to determine it, but to have a more professional and more knowledgeable group—as I believe the association for the mentally retarded to be—do it.

At both the federal and provincial government levels, we are spending a great deal of time, money and effort in trying to convince municipalities, private organizations and co-operatives to continue in their development programs of housing, of which, as I said, a number were for rent-geared-to-income. One example is in Toronto where we have about 2,600 units being constructed by both municipal and private nonprofit housing groups, the co-operative groups, the Metro Toronto Housing Authority, which is the municipality, and the metropolitan government. They are different from the Metro Housing Authority which reports to OHC. About 850 of those units will, when completed in the next period of time, be allocated on a rent-geared-to-income basis in this community.

To date this year in Metro, more than 700 municipal and private nonprofit and co-operative housing units have been completed, with more than 180 being used for rent-geared-to-income. If one adds those two together, one will find the

rent-geared-to-income portfolio will rise by a little better than a thousand in the current year as a result of the activities of the various corporations.

We have X number of units. In this community, we have about 32,500 units. Over and above that is Metro housing, and over and above that are the co-ops and nonprofits. We should keep clearly in mind that there is a very definite turnover. Even though our tenants may come and stay for some considerable period of time, there is a turnover of occupancy, both of the families and seniors. Last year, the annual rate of turnover in the Toronto area was nine per cent, which would mean, if one works it out, something better than 3,000 units that would have been made available to new tenants in the past year.

On a province-wide basis, including Metro Toronto, OHC's monthly waiting list this year has averaged around 22,000 names. The Ontario Housing Corporation, through its local housing authorities, has in the first nine months of 1981 handled and housed about 8,700 applicants for housing. We expect by the conclusion of the current year—after the next three months—we will have housed somewhere between 10,900 to 11,000 applicants in the current year. That is based on a turnover in the range of 11 per cent.

One must remember that not all housing in this community—and I am using "this community" because it seems to be the focal point of our attention—is looked after by OHC. The senior citizens are a local matter. That matter has been taken on by the Metro Toronto Housing Company more than it has by Ontario Housing or the Metro Toronto Housing Authority, which is our agency.

This year, we looked at a program in which the federal and provincial governments are involved. I am referring to the co-ops and nonprofits. When I say "nonprofits," I should indicate that I mean the private and the municipal nonprofits. With the exception of the Ontario rental construction loan program, we can expect around 8,200 units to be completed across Ontario which will include about 3,500 in Metro. Of the 8,200 units, about 1,330 will be allocated on a rent-geared-to-income basis, including 450 in the Metropolitan Toronto area.

2:50 p.m.

Looking forward to 1982, as we were asked if we had any projection, we estimate that some 7,400 assisted rental units will be brought on stream province-wide. This should produce for us something in the range of 1,400 rent-geared

to-income units including more than 380 for Metro Toronto.

As I indicated earlier, there are about 7,600 rental units now under construction as a result of the Ontario rental construction loan program and I am hopeful—I can repeat it and I want just to make very clear—that we will hit 15,000 before the conclusion of the program. Twenty per cent of the units will be made available to us. I want to give certain credit, obviously, to the federal government because whatever we do in the rent subsidy program is a fifty-fifty responsibility of the federal and provincial governments. When we decide we are going to take X number of rental subsidy units in a particular project it is because we and the Canada Mortgage and Housing Corporation fully agree on the market rent and the subsidy program in which we are becoming involved.

Province-wide, the 15,000 units have a potential of turning over 3,000 units for rent-geared-to-income or rent subsidy, but I do not wish, Mr. Wildman or others, to mislead you. In some of the communities where units will be built, we will not have a need for a full 20 per cent of the units being brought on stream. There will not be that requirement for publicly assisted housing but there will be a market requirement. As a result, while it is great to say we will have a maximum potential of 3,000, the likelihood is not there because some communities will not require all of it.

Mr. Philip questioned the policy of charging tenant associations for the cost of utilities in some of our public housing projects. I must indicate very clearly that the policy applies to what we would classify as bona fide tenant groups with established sources of revenue. This policy helps OHC to recover some of the costs involved. It is fine to kick the dog and say that it is not covering all of the things we want it to cover, but I think as politicians and as the government, we have a responsibility to try to keep the cost of operations somewhat realistic and in line, so the taxpayer of this province, the one who is carrying the freight, isn't finding that we have added the last straw that would break the camel's back.

Ms. Bryden: Some of tenants in the associations would be people of very low income.

Hon. Mr. Bennett: I don't deny that. That is why their rent is based on that.

Ms. Bryden: They cannot afford a very high tenant association fee.

Hon. Mr. Bennett: I don't deny that either, but I would say to you, Ms. Bryden, that we also, through the housing affairs, provide some funding for the tenant associations. I have also said clearly to the housing authorities, to OHC, that if there is a tenant association, a group that is having difficulty, the authority is to take time to look at it and see if they can accommodate them at a lower cost. I think we have to have some basis for charging to start with, and then if adjustments have to be made, fine.

Ms. Bryden: Well, you are putting it on a means test basis rather than a right to aid.

Hon. Mr. Bennett: You are the greatest one to believe in means test, let me tell you.

Ms. Bryden: I am not. I believe in universality.

Hon. Mr. Bennett: Oh, good, I am glad. Put that on record.

Ms. Bryden: Could we have some figures on the assistance to tenant associations?

Hon. Mr. Bennett: Yes, when we start going through our estimates vote by vote, we will be glad to provide that. If you wish to raise it at the time, we will certainly get into it.

Mr. Philip also brought to the committee's attention what he considered to be an unfair rental practice by a private non-profit housing corporation in his community of Etobicoke. I read what is printed here because I was not aware of this specific case, but our people did look into it. His concern centered on the policy of putting an income limit on those tenants who had been allocated a rent supplement unit in order to give priority to more needy people.

Once the tenant reaches the upper income limit, they are required to pay the economic rent which is still well below market rent. The group then allocates the rent-geared-to-income subsidy to a more needy senior citizen.

As part of their normal income verification procedure the group determined that the incomes of five tenants had exceeded the maximum by at least 10 per cent. These cases were taken to the nonprofit groups board, which agreed to reallocate the rent supplement subsidy to the more needy applicants. The church group involved obtained provincial financial support under the minister's community-sponsored housing program, and we are satisfied that the nonprofit corporation has operated within the projected administration guidelines set by the ministry as a condition for receiving our financial support.

Mr. Philip made a passing reference to the ministry's study of the justice committee report,

which was turned down, as you will recall, some time ago in the Legislature. I'm not sure which issues Mr. Philip wants to get involved in, but I would suggest that when we are proceeding through the estimates on a vote-by-vote basis, if he has some particular areas he wishes to touch on I will be glad to comment.

I will only say at this time that two principal issues were raised at the time we were discussing the justice committee report. One related to the retention of Ontario Housing Corporation housing stock in public ownership. I think I have made it abundantly clear that the government has no intention of disposing of that particular portfolio except where we have units that no longer make economic sense to us and where the cost of refurbishing becomes prohibitive.

I trust that members of this committee will realize that this decision is not made solely by this minister, this ministry or OHC. It is made by two partners: Canada Mortgage and Housing Corporation and the province. In any case on which we have made a decision it has been because we have agreed collectively that to do certain things would not be in the best economic interest of the taxpayers either federally or provincially.

The other one was, and I am proud to say that we have made some—

Ms. Bryden: Just to identify it, this explanation or policy would explain why you did sell that one OHC unit in Toronto recently.

Hon. Mr. Bennett: That's correct.

Ms. Bryden: I have forgotten the name of it.

Hon. Mr. Bennett: Bergamot. You will recall, Ms. Bryden, that at the time of Bergamot I gave a very long presentation—I made it last year in estimates as well—on why we went into it, what it was going to cost us and so on. I know that somebody will tell you some private entrepreneur turned it around into a very beneficial building. That I don't know. I can only say I realize that somebody has renovated it at very substantial cost, probably considerably more than we would ever have entertained, because we could never put it back on the market as a low-rent, geared-to-income building. The capitalization would have been so far out of line that everyone, including your party, would have jumped at me for spending that kind of money to refurbish it.

Ms. Bryden: Have there been any sales since Bergamot?

Hon. Mr. Bennett: No.

The other thing I wanted to speak on was the policy concerning income in the point rating system. I think you will appreciate the fact that I have issued some statements which indicated that income has assumed a much more important part in the points achieved by applicants, both families and seniors. The percentage of points versus the overall point rating is substantially improved.

Ms. Bryden: Do you include the seniors tax grant as income?

Hon. Mr. Bennett: No. Neither that nor the \$50 sales tax rebate nor the energy rebate they will be securing.

Mr. McDonald: Or the guaranteed annual income system rebate.

Hon. Mr. Bennett: That's right. As Mr. McDonald said, neither the Gains nor the disability pensions are included in the calculation.

That is an interesting point you raised, because we had an argument with the federal government in recent days relating to rent-geared-to-income charged to senior citizens. They believed that all income, regardless of its source, should be included in income for rent-geared purposes. We still do not believe they should be included, and we have not included them. In all our correspondence in recent days and in the negotiations relating to the increase in rents to senior citizens, which brought it back up to the federal program in which they dictated to us that we either do include it or pay the whole down factor ourselves, we have made it very clear to the federal government that we have not included this, even though they have continued to press us for it.

One interesting fact is that the Department of National Health and Welfare, in their standards and interpretation, do not show it as part of income, so we have a federal government with two departments arguing from two different angles. We have taken the one we think is most beneficial to the seniors and the one we have used in the past. I trust that our negotiations with the federal government on the seniors' rent program will be brought to a very positive and beneficial conclusion for the seniors in Ontario.

If you are asking me how they do it in other provinces, I don't know. You realize that in other provinces there is quite a combination of things that constitute income.

3 p.m.

Ms. Bryden: The pensioners' tax grant is really just a means of giving them a lower tax rate.

Hon. Mr. Bennett: It's a matter of rebating to them, as you will recall under John White, what was the "school tax portion" of the municipal tax bill.

Ms. Bryden: Right. A portion of the municipal tax bill, anyway. It isn't related to schools.

Hon. Mr. Bennett: I think you and I recall very distinctly, Ms. Bryden, the argument that was pursued in the House for many days, which was that seniors should get a rebate of the municipal school tax portion of their tax bill. One way of achieving it was through the seniors tax grant. I think in most cases you will find that it equals or, in some cases, exceeds it. I'm not saying all cases; some seniors own property, so the school tax might be greater than the total rebate.

Ms. Bryden: Yes. Some of them still don't consider that they are getting that particular rebate for school taxes.

Hon. Mr. Bennett: That reminds me of a similar situation when dealing with municipalities, because you never know what they want. They get grants, and one day they want everything. If it's an unconditional grant, then tomorrow they want to start talking about conditional grants. They tell you, "Let's wipe out all conditional grants and put in unconditional grants." Once you have got that resolved they say, "Well, how about a special grant for this and a special grant for that?"

I suppose I would have to say in defence of our seniors that they are not much different from some of the municipal politicians I deal with from day to day. Once they have achieved what they want they think it's great to do a little double-back on you.

Mr. Epp: Actually, they have been conditioned to that, because that's what the province does with the federal government all the time.

Ms. Bryden: That is what was promised to them.

Hon. Mr. Bennett: With a degree of success that one is not even able to measure.

Ms. Bryden: Back in 1977, they were promised that their school taxes would be eliminated.

Hon. Mr. Bennett: And we have honoured that promise.

Ms. Bryden: As you say, some people have got the full amount; others haven't got the full amount.

Hon. Mr. Bennett: I don't think Mr. White ever made the point that everybody would get the full school tax back, because if somebody owned a very expensive piece of property it would be necessary to look at that individual's ability to pay. You are the one who wants—

Ms. Bryden: Well, the pensioners tax grant does not—

Hon. Mr. Bennett: You say you do not believe in means tests, Ms. Bryden. Well, I'm not sure I altogether read that as a complete position of your party.

Other situations were raised this morning, and I will try to speak on them as quickly as possible. This morning Mr. Philip asked something about the city of Ottawa—not the city of Oshawa, but the city of Ottawa, my home community—which is interested in acquiring a building for rooming houses. As you know, the city wanted to buy a building through its nonprofit housing corporation that could be used for rooming house purposes. We have told them many times that the ministry does not support the development of rooming houses under the municipal nonprofit housing program.

Our program is designed between the federal government and ourselves to assist low and moderate-income families, seniors, the physically disabled and so on. No provision has been made in the terms of reference to accommodate rooming houses, and I just think governments had better be somewhat careful about what they're getting into. If the municipality thinks they have the ability to run it: fine, be our guests; but we are not going to broaden our policies at this time to include rooming houses.

Mr. Philip also asked about the Ontario Housing Corporation and the York Condominium. Was that January 1982 or 1981?

Interjection: 1981.

Hon. Mr. Bennett: Well, I guess there's a slight difference of opinion. I don't know when Mr. Philip last visited York Condominium, but according to our obligation through Mr. Davidson, the district manager for OHC, who informed Mr. Philip some time ago that we would put four barriers in, they were erected in April of the current year. They are 10 feet high and pressure treated with reinforced steel T-bars. They have been inspected regularly. Last month there were no breaks in the barriers, and there have been no complaints since April, either from York Condominium or Mr. Philip.

This has been brought to our attention, and I

have difficulty knowing why it couldn't have been brought to our attention some time before this. We will have one of our people from OHC do an on-site inspection to make sure that the barricades, or whatever you want to call them, are in place.

We listened to some remarks about the difference in assessments in Exeter and one of the communities down there. I would have to suggest, although I don't know all the background Mr. Philip talked about, that this is a question he should direct to the Minister of Revenue (Mr. Ashe), who looks after assessment and how it would be affected under section 86, which, I guess, is what he is really referring to.

I would suggest, Mr. Chairman, that you might ask Mr. Philip to give us the correspondence he has from the Ashworth Square non-profit co-op in its conflict with Mr. Cosgrove. He says there is a letter dated November 7 of the current year. We are not aware of any dispute, obviously. I said this morning that Ashworth Square is a private nonprofit, which would be funded and approved entirely by the federal government with no reference to the province of Ontario whatsoever.

You spoke about the Province of Ontario Savings Office. I think those questions are best placed in the estimates of the Treasurer (Mr. F. S. Miller) and of the Minister of Revenue, who is responsible for the Province of Ontario Savings Office, except from one personal point of view. If you think taking money in from the Ontario taxpayers on deposit in the Ontario savings office is going to be at a lesser rate of interest for 30, 60, 90, 100 days or a year return to them than it is in the Bank of Montreal, the Bank of Nova Scotia, Toronto Dominion or the Bank of Commerce, I would have to think you are badly mistaken. If you are saying that we take money in and give a subsidy in the interest rate in lending it back out, that's a whole different proposition; it doesn't even require that the Province of Ontario Savings Office be involved.

The questions relating to its expansion and further development are related to the Ministry of Revenue and the Treasurer of the province, whose estimates are coming up relatively soon.

I don't know how far Mr. Epp and others want us to go into the Planning Act. It has had first reading in the House. It will be called for second reading, I hope, some time in this session. May I say to Ms. Bryden—and this is not to curtail the discussion—that relatively few hours are left for legislation, and I hope that we get second

reading without a great deal of discussion and send it out to committee for full debate, review and discussion, whether it takes six months or a year for it to be achieved, and get it back into the House so that final reading and amendments, whatever has to happen, may take place.

I just think, Ms. Bryden, that if we are going to get into a long, drawn-out discussion in the House on second reading we might find that we have run out of time and that we won't get it out to committee until some time after next spring's sitting. But that's a decision to be made. I'm not suggesting to either of my opposition critics that we should curtail the discussion on it, except that I do think there will be adequate time in committee to have it completely assessed.

I am pleased to say, Mr. Epp, that our ministry people were over with your people yesterday, and we have offered to do a complete briefing with the NDP caucus and whatever critics and research people want to sit in. I hope you will find it beneficial. I think the act is very important. It has a great deal to do with the welfare of this province and its land use policy, but it also has tremendous implications for the municipalities.

3:10 p.m.

So that is why, over the next number of months, the new Association of Municipalities of Ontario, which includes all of the associations, will be involved with us in discussions and reviews.

We sent a copy of the Planning Act to AMO the day we introduced it so they were up to date. The Planning Act has been completely reviewed on numerous occasions by AMO, by professional organizations, by individual municipalities. Indeed, virtually every group including the Law Society, has had its hand in trying to help us draft what we hope will be an improved Planning Act.

While we might have some differences of opinion, I hope Mr. Bain and Mr. Farrow have assisted you. Mr. Milt Farrow, I trust you all realize, is the new assistant deputy minister reporting for the Ministry of Municipal Affairs and Housing. I trust their efforts in trying to assist you will be completely understood. It is not a case of the government trying to persuade you to see its point of view but to understand why we have taken certain directions in the act at the advice of professional planners.

I am not going to go into all of the things relating to policy statements and so on. I did say to Mr. Philip this morning that if the committee

looks at the Planning Act as it is drafted, there are two situations that come to us.

First, on a reference to the Ontario Municipal Board the minister determines whether it is, or is not, in conflict with provincial policy. If the official plan amendment being requested by XYZ is in conflict with provincial policy, the minister sends it, if he deems it necessary to do so, to the municipal board for consideration and recommendation. I want to underline the word recommendation. If it is not in conflict with provincial policy, if it is a straightforward change of land use without infringing on any of what we believe are important provincial decisions, it is sent to the Ontario Municipal Board for a decision. We have said in that case the decision of the Ontario Municipal Board is firm and final. That is in the final analysis.

I know there are people who say we should take it on to cabinet. Take it to cabinet and we are criticized that it then becomes a political decision.

Mr. Wildman: Do not be so cynical.

Hon. Mr. Bennett: Do not be so sensitive? I wish you would always tell me that is my situation.

We believe this is the best direction in which to be going. There again we will wait and see. Mr. Epp and Mr. Brandt will recall from their municipal experience and from reading the various reports we have had over the last period of time that the vast majority of the people we have consulted with on the Planning Act—well into the high 90s—believe the best place to refer things to is the OMB. They have greater confidence in the OMB at this point than they have in any other kind of tribunal in the province.

Mr. Wildman: Oddly enough when there was talk that they might get rid of them, there were a lot of people came to the OMB's defence.

Hon. Mr. Bennett: That is right. When Dr. Comay virtually recommended that the OMB be wiped out, either there were a lot of people concerned with the OMB, or the OMB members had a lot of relatives in this province that came to their defence. I am not sure which it would be, but the percentage of support surprised Comay as well as others. It was well into the 90 per cent.

There are very few remarks that criticize—sure they said the OMB could be improved here and there—and you might get a personal argument with one OMB hearing officer, but over all it was well received. That is why I think

the OMB, while there are times I have some difficulty in—I better pass on that because it might be held against me some day. They do a relatively good job.

Mr. Epp: That was good strategy.

Hon. Mr. Bennett: Which one was good strategy?

Mr. Epp: Comay's—by saying they should get rid of it and everybody rushes to its defence.

Hon. Mr. Bennett: You think Comay did it on purpose, looking for the chairmanship?

Mr. Philip raised some concern about how our decisions were made on the Niagara fruit lands, and things in that area, and he talked about the Toronto-centred region plan. I am sure all of you realize the Toronto-centred region plan was a long-range projection for many years. It has periods of referral, and so on, in a five-, 10-, 15- and 20-year phase.

Ms. Bryden went into the municipal affairs area of the portfolio. I said to her this morning I had some misgivings back in 1972 when Municipal Affairs was put into Treasury, Economics and Intergovernmental Affairs. Mr. Epp and Mr. Brandt will recall when it went to TEIGA. There were some who believed that was great from a municipal point of view because they were now hand-in-hand with the Treasurer—they could get all the money they wanted to run their program. I guess that was the selling feature at the time. They thought they had Darcy right where they needed him.

Mr. Brandt: Right by the old Municipal Affairs.

Hon. Mr. Bennett: I shall not make any comment on that.

Mr. Epp: They just did not know—

Hon. Mr. Bennett: That is right.

Anyway, I suppose at the time some committee and government productivity study was in existence and had recommended this change. I was one who said—and I do not think I ever hesitated to say it publicly—that it was a move that had diminished the importance and the visibility of the municipalities in their relationship with the provincial government. I might have said on one or two occasions I thought from a political point of view it was a bad decision.

I think that now it is back in the Ministry of Municipal Affairs and Housing, we have two areas of government responsibility that are extremely compatible. They are both directly related to municipalities with the opportunities

of being in a closer relationship. Better understanding, I think, will prevail.

That is not to be taken as any criticism of my predecessors in either TEIGA or Intergovernment Affairs. I look forward to working with the municipalities. I am pleased the municipalities in this current year have decided to amalgamate all municipal associations into one major association.

I recall a lady mayor I worked with in Ottawa, Charlotte Whitton. She likely would not agree with my comments today but I think it is great that one organization should come to represent municipalities. Charlotte remarked to me, in all the years I was on council, which was 10 or better—

Ms. Bryden: I didn't think you went back that far.

Hon. Mr. Bennett: I may not show my age.

Mr. Brandt: You always look younger than your years.

Hon. Mr. Bennett: I cannot understand it. It must be the great air in eastern Ontario.

She used to say the best way to continue to have control is to divide and rule. Never let them all gang up together. That might have been true in days gone by but I am one who believes that—

Mr. Epp: Who was she?

Hon. Mr. Bennett: No, in defence of Mayor Whitton, she was a very successful politician. She continued to be mayor for quite a number of years. I guess she served more years consecutively than anybody else except Stan Lewis. I guess when you go back 20 years or more that might have been a good philosophy.

I think today if municipalities are ready to make their point with provincial governments and give us the strength necessary to relate their requirements back to the federal government, it is because of that unified voice. So I compliment them. I think it will be much to their credit and will strengthen the relationship between this province and the municipal association. It would not surprise me to see similar action taken in other jurisdictions across Canada. I look forward to the opportunity of working with them.

I appreciate Ms. Bryden's vote of confidence in the three-year term. I am one who has personally served in a few three-year terms in council. I thought they were very beneficial. I have never believed that because you had a two-year term it was going to make the visibility,

interest and enthusiasm any more than it would be on a three-year term.

Last night Bob Nixon said he thought I should compromise and make it two and a half years. I am sure he said that with tongue in cheek.

Mr. Epp: Especially since we have had three-year terms for at least four elections now.

Hon. Mr. Bennett: One should not have that much trouble getting that bill through.

Mr. Eves: Not at all.

Mr. Brandt: We have taken a position for some years and you have finally caught up with us.

Hon. Mr. Bennett: That great editorial will likely come out tomorrow—I am not trying to prejudge; we like to have the GM newspaper and that is not General Motors—

3:20 p.m.

Mr. Epp: Is that general malaise?

Hon. Mr. Bennett: Some days I think you might be right in your analysis.

It will likely come out tomorrow saying a three-year term is not necessary. I do not see many others accepting a two-year contract when they are taking employment with certain organizations. Enough said.

I am having trouble making out all the notes given to me. You talked about the welfare position in this province. I do not think this province has to take a back seat to any other jurisdiction in how we have tried to deal with our municipalities as far as grants are concerned. Look over the formulas we have used and the way we have allocated money. While we may not always have been into conditional grants, we have been into a lot of unconditional grants, resource equalization grants, transportation grants and so on. I think the municipalities of this province have been treated fairly and extremely well. It is very easy to criticize.

Ms. Bryden: What about charges for social assistance?

Hon. Mr. Bennett: Just remember one thing: The pie is only so big. It reminds me of a saying of a former Ottawa alderman, "Just remember, you can't slice off the blanket at one end, sew it on the other end and think you have a longer blanket because you haven't."

Ms. Bryden: You are not trying to increase the size of the pie either.

Hon. Mr. Bennett: You have been around here since 1975. What was the budget when you came here in 1975, about \$13 billion? It was not even \$13 billion and today it is over \$20 billion,

but we have not increased it. It is just a mirage that we see it going up.

Ms. Bryden: That is my point. You could increase the whole provincial economy if you had forward planning.

Hon. Mr. Bennett: Tell me what municipality has less money coming from the province today than it did in 1975, 1976, 1977, 1978, 1979, 1980 or 1981.

Ms. Bryden: Has it kept up with the increase in the cost of living?

Hon. Mr. Bennett: Has it kept up with the percentage of increase the province has experienced? Let us put it that way.

Mr. Brandt: It has sometimes exceeded it.

Hon. Mr. Bennett: Right, Mr. Brandt, thank you.

Mr. Brandt: I just said that now I am on the other side of the fence.

Ms. Bryden: I question if it has kept up.

Hon. Mr. Bennett: I hope you and Mr. Epp don't get together.

Mr. Brandt: I can remember Mr. Epp and I heading delegations that argued the other position.

Hon. Mr. Bennett: Ms. Bryden, you will admit at least we continue to try to relieve the municipalities of some of their responsibilities. You will recall a year ago April 1, we gave the municipalities the relief of paying seven and one half per cent towards public housing.

Ms. Bryden: That was a good move because otherwise they were inhibited from asking for any more public housing. They knew they were going to have to—

Hon. Mr. Bennett: In other words, you are telling me seven and one half per cent caused them to stop worrying about the needy in the community? Their commitment cannot be very deep.

Ms. Bryden: They had a very limited tax base.

Hon. Mr. Bennett: Their commitment could not be very deep.

Mr. Wildman: Do not denigrate your own decision.

Hon. Mr. Bennett: I am not denigrating my own decision. I am proud of the fact. The only thing that disappointed me, Mr. Wildman, was that instead of that seven and one half per cent going into the general treasuries of the communities to try to reduce their tax loads, which is what I said at the time, it was interesting the

number who took it and applied it to some special new program or expenditure.

They did not have the money to pay for public housing, but they could go and put it into some other project entirely new to the community. It was a discouraging thing. I watched my own community of Ottawa do exactly that after complaining they did not have enough money. They found that seven and one half per cent useful for something entirely new that had never been in their minds before.

Ms. Bryden: But it may have been to meet a need that has been there for a long time.

Hon. Mr. Bennett: I suppose if one gives them any amount of money, they can meet all kinds of needs. Whether they are essential or not is another thing. One can build another rink, swimming pool or community centre. If one looks around this province it is one of the problems we have.

I am sure every one of us recognizes that in some communities we allowed them to build a lot of capital projects and no one really thought about what would be the long-term operating and maintenance costs. I have one community after another today which would like to see some special kind of grant to overcome those difficulties.

Ms. Bryden: That is right. The operating costs should be subsidized as well. If you are going to encourage them to build a new arena, they should have some assistance.

Hon. Mr. Bennett: Do you believe the province should take over all the municipal operations? If we are going to pay for them that is what we are coming to—pay for the police, pay for everything.

Ms. Bryden: No, but you are encouraging them to build capital projects they need and then leaving them with higher and higher operating costs.

Hon. Mr. Bennett: No. They decide the capital projects they need. It was not us who decided. We might have made money available to them through Wintario, but it was they who made the decision to do which capital program, whether it be Sarnia, Ottawa or some small community. Look at what Geraldton has spent on that community centre, Mr. Wildman. It has to be very much questioned by a lot of people.

Ms. Bryden: But you are suggesting they should not have the community centre, right?

Hon. Mr. Bennett: No, I am suggesting they do it with a little bit of moderation, recognizing

what their long-term responsibilities have to be. It cannot be different from owning a home or running a family. You cannot just go out and buy a new Cadillac when the only thing you should be driving is a small GM car or a Chrysler or a K car.

Mr. Chairman: Canadian-built.

Hon. Mr. Bennett: I was trying to get around to that.

Mr. Brandt: I think it is fair to say the affordability of a lot of these projects was not taken into account by a number of municipalities. That is your point. It is also fair to say, however—and I say this not only to the minister, but to the staff—when new programs are developed it would be very well received by municipalities if some flexibility were built into them. It should not be required, as an example, to have a recreational component or to have a service that is not entirely required by the municipality.

Some of the former programs going back years—not under your jurisdiction at that time—were built with a great degree of rigidity within the program that forced the municipality to take on certain components that were not of the highest priority in that municipality. If the highest priority in the municipality is sewers, then it should not be required to put in a park as well. I know it is not always possible to make it quite that kind of a blanket, global approach, but where possible, if the flexibility is built in, we can get a bigger bang for the buck, and have a much more appropriate program that filters down to the local municipality in a more meaningful way.

I don't know if Herb has any comment on that. When I was a mayor, quite frequently I was locked into a program where I had to do something that was not as high a priority as something else because that was the way the program was written up.

Ms. Bryden: Did you feel operating costs should have been subsidized when a project was authorized?

Mr. Brandt: I am not being partisan when I say you can subsidize everything, but the money has to come from somewhere. If we subsidize recreational facilities, arenas, or whatever programs, then the minister may well have to find some other unconditional or conditional grant program to take that money from and simply cut back somewhere else.

The global transfers have been reasonably fair. They have increased over a period of time.

At one point they were entirely too fair. I can remember in the early 1970s in this province when municipalities had very substantial tax increases as a result of local spending and when, as a result of provincial transfers, they completely and quite artificially wiped out that entire increase. They then took the position in their local municipality that they had held to the budget because there was no tax increase. I see some people nodding their heads. That is an absolute fact of life.

I think that was wrong, because the responsibility for the spending was at one level, the responsibility for the raising of the money was at another, and there was no relationship between the two. There has to be a balance. Naturally, as a municipal official, you would be quite happy to receive whatever you could get in transfer grants to assist in the operation of whatever program you might have before you. Generally speaking, the programs are good, and I take no issue with them. I would like to see some modifications and some changes we can talk about over the course of these estimates. But I wanted to make that point about flexibility. I don't want to belabour it.

Hon. Mr. Bennett: There's no doubt about it. I think—

Mr. Epp: I would be very much surprised and disappointed if the province got into paying operating grants. If you are going to take that responsibility away you are going to build in more inefficiencies, more waste and everything else. As you mentioned earlier, you are going to take away the autonomy of the municipalities. If the province pays the capital grant, then the local municipality, if it should have that capital project, should be able to afford to pay the operating costs. If it cannot afford to pay them, then I cannot see how a province, a federal government or anybody can put in that capital project.

Ms. Bryden: That kind of provincial autonomy is based on the idea that you have the property tax, even though it is an unfair tax, so stick it harder than ever. They say that instead of suggesting that some of the social programs, like recreation, should be shared more by the province, which has a more progressive tax system.

3:30 p.m.

Hon. Mr. Bennett: Mr. Epp or Mr. Brandt, I do not know whether in your riding—I know in Mr. Eves' riding they do not have it—but we do have lot levies for subdivision and development.

These are used to some degree to offset some of the capital costs incurred as a result of new development in a city, town or village. That is one of the costs put there for offsetting costs of recreation or whatever else might be built—sewers and water and so on. Indeed, recreational land is given to them by the subdivider through a direction of the subdivision agreement by the municipality.

I think you have to get it straight that there is not a pot of gold to be found in Ontario by just going down deeper into the cellar at Queen's Park. We have the same taxpayer whom we have to ask to contribute to the welfare of this province. If we try to distribute to the smaller communities, the communities that do not have quite the length and breadth and depth of taxation that Metropolitan Toronto has or the city of Ottawa or some of the others have, I think we have to be realistic. This is not just an endless pit of money.

You also asked this morning about municipal borrowing. It is our intention—and we have had a committee meeting—interestingly enough it was our ministry that was trying to convince the financial institutions we should allow municipalities to go down to one-year debentures so that they could play the market. But the industry is much more conservative than we are. They think the minimum they should be allowed to go to is five years.

Municipalities have some opinions on it. I think they are looking at five years as being realistic, at least in step with the time. In the acts that we have now before the Legislature—Muskoka and some others—each one has indicated clearly they want to change the time for debenture issues down from 10 years to five years, to accommodate them in the money market that is so tight at the present time.

I can't say a great deal more about it than it is there.

Ms. Bryden: Are you looking at any sort of a temporary provincial loan fund for municipalities that are not able to go to the market at the present time?

Hon. Mr. Bennett: That is through the Treasurer. He has made provisions. But I don't think anybody has applied at the moment, have they?

Interjection.

Hon. Mr. Bennett: Yes. In other words, the smaller ones like Windsor came to us—and there is no advantage in Windsor going through the provincial program; absolutely none. Every

time there is a dollar taken up through the province—and our borrowing limits should only go so high, at least that is what you keep telling me—the fact remains that if you start taking out money and using up the province's credit position for individual municipalities it means you have got to do something to curb the borrowing situation. I am no expert in it, I admit that. But I think at times it is a false sort of security that if the province does it for us, we don't owe it.

Ms. Bryden: I do not see why the province could not subsidize it a bit in order to get some capital construction going on.

Hon. Mr. Bennett: What do you think grants are? If grants are not a subsidy to municipalities, what are they? Right this year, 32 per cent—

Ms. Bryden: I meant a special grant to get some public works going during this period.

Hon. Mr. Bennett: Right now, in most municipalities, 32 per cent of their overall municipal budgets are grants from Ontario. In northern Ontario, it goes to 49 per cent, and in the rural communities it goes to about 45 per cent.

You would suggest to me that if I was paying 51 per cent I should be in control because I am the major shareholder. That was your rationale on Suncor: we should have bought the other 26 per cent.

Ms. Bryden: We certainly should have got some equity.

Mr. Brandt: I would like to make a comment on the question of capital financing that I think is a propos, and I would like to make a recommendation to the ministry that they at least consider. That is with respect to the whole business of the review of capital projects by municipalities. My understanding is that only the municipality of Toronto has the opportunity to submit their capital requirements to the ministry, and those are approved on a global basis. At that point the municipality can proceed according to its timetable to carry on with their particular projects.

All of the other municipalities, including those that are relatively large with a relatively sophisticated bureaucracy—planning, finance, treasury department and so forth—have to come back for individual approvals. I would like to argue with you that there are costs involved in doing that. This is not a matter that is going to take additional money from the treasury of your ministry but it could reduce some of the bureaucratic reviews that are necessary. It also could effectively, in some instances, step up

projects and get them underway somewhat more quickly.

I know the municipalities have argued for this in the past, but I would like to suggest that in some instances road, sewer and those kinds of programs quite frequently end up getting trapped in a seasonal construction problem as a result of the delays for the approvals that go through on some of these capital works. I would suggest there be some criteria set down. I recognize that a small 1,000 or 2,000 population municipality does not have the financial advisory staff and the resources to be able to undertake their whole capital program without some fairly strong control from the Ministry of Municipal Affairs. You have to have some kind of control over that.

But there are municipalities, perhaps with 25,000 or 35,000 population or wherever you want to cut it off, that could go to you with the capital budget in total and have you review it. If their capital requirements were, as an example, \$2 million, and if that was deemed to be an appropriate amount of capital borrowing for a given year, then I think the local municipality is responsible enough and could well set its own priorities within that \$2 million borrowing limit. All too often what happens on these individual approvals that have to go through, for no other reason than to have someone give them a line-by-line okay, the delays are costly to the taxpayers, to the very municipalities we are supposed to be serving.

If we can build in some kind of protective device—I am not suggesting they do not go through the kind of approval mechanism you have now in the first instance, I am arguing that the second go-round on the line-by-line basis is unnecessary. It is inappropriate for at least some municipalities in Ontario, those that are at least a little bit larger in size. I think that should be taken into consideration and could perhaps streamline some of the activities of the ministry and cut down a lot of book work that is not productive, is not paying any dividends and is costing money.

Hon. Mr. Bennett: Mr. Chairman, those applications are made to the Ontario Municipal Board for ratification and approval. It is true the Metropolitan Toronto situation is handled somewhat differently. I do not profess to know all the intricacies of the OMB and how they get down to making some of their final decisions except when something is appealed to us and all of a sudden we seem to get front and centre. But I am prepared to have my people take another

look at the situation to see if there is some flexibility in the system that could accommodate what you are suggesting to us today.

I am not sure the best person—and I say this as a minister—to be either agreeing or disagreeing with the municipality and its capital works is the Minister of Municipal Affairs and Housing. I have found over the years that when a minister gives an approval, all of a sudden somebody takes another meaning from that. Sometimes the meaning taken from it is that the minister supports us in this capital project and as a result certain grants are going to flow to us. If they get into trouble down the road the first person they will look to for bailing them out is the minister. I should not say to me but to the government.

I think it is great that you have that at arm's length—that the organization that did give the authority to commence with certain capital projects within the financial limits of the municipality should be a board that is not an arm of the ministry nor an arm of the minister's office. It should be an authority that sits out there and tries to be as impartial in every way, shape and form as possible.

I will ask Mr. Fleming, Mr. Church and others in municipal affairs to have another look at the situation and see if there is a way to advance it. In the short period I have been involved in Municipal Affairs, I have not had a complaint from a municipality that the process in their opinion was impeded by the system as it now is.

3:40 p.m.

Mr. Brandt: There have been delegations on it, Mr. Minister.

Hon. Mr. Bennett: I have no doubt there have been delegations on it. Having been on municipal council for 12 years, I know delegations are not always as justified as they may appear.

Mr. Epp: I want to go on to something else but in respect to this, if the precedent is already there with Metropolitan Toronto having that package approval, then it would not be too difficult to extend that policy to large regions and so forth.

Ms. Bryden: Less flexibility is a good idea and it is useful having people with experience as a mayor on the committee.

Mr. Epp: Could I get on to another topic—the bill that came before the Legislature last week having to do with assessments and taxes which were appealed to the Assessment Review Court, then to a county court, then to the Ontario Municipal Board and so forth, and eventually to the cabinet. The reason I am raising it here is

because the Minister of Revenue suggested he would be the first to make the change in the Municipal Act, and that had to do with interest.

Because of appeals some of these cases are prolonged—not just for six months but for as long as three and four years. Then the property owner wins his case. That assessment may be quite sizable. What happens is that the municipality is not responsible for paying interest on the money for the overpayment of taxes. The Minister of Revenue is quite agreeable to having the municipalities pay the interest in those instances, and he would have made the amendment last week. However, he felt it was more appropriate for the Minister of Municipal Affairs and Housing to make that amendment to the Municipal Act. I am wondering how you stand with respect to that.

If I do not pay my taxes, I have to pay interest on the part I do not pay, whatever the municipality says. If I have been assessed too much it is only fair the municipality should reimburse me for the amount I have overpaid. If that drags on and I am successful in the appeal then they should pay the interest on that money. For instance if they suddenly found I had paid too little, I would have to pay the interest on it. So it is only fair. From that standpoint, I ask the minister whether he would be prepared to accept the principle of fairness and have municipalities pay the interest in those cases.

Hon. Mr. Bennett: I have to be honest with you, Mr. Epp. I would have no objection. I think it only reasonable that if somebody overpays an account as a result of billing, not just as the result of an appeal, interest paid on the over-taxed amount would seem reasonable. What percentage is something that would have to be discussed. I do not know whether it would be the same percentage we demand landlords pay on a monthly deposit.

Mr. Epp: It could be the same per cent I have to pay if I am too late: whatever the municipality decides.

Hon. Mr. Bennett: That is a pretty heavy penalty for a municipality, particularly when the municipality has not made the decision. It is made by a court or by some other tribunal, whatever the overassessment or overtax situation happens to be. I suppose one of the most difficult things would be to try to determine at what date do you commence to receive interest. At what date is it determined you have actually overpaid, and that is a very difficult thing. What date are you going to decide on—the first court

date, the last court date, the appeal to cabinet or what?

Mr. Epp: It would have to be the first court date because it is at that point you start appealing and it goes to an Assessment Review Court. They decide you are overassessed, then the municipality decides to appeal it to a higher court, and you have to go to the county court or you eventually go to the Ontario Municipal Board or whatever.

Hon. Mr. Bennett: It is an interesting subject, and one we have heard a little about. I have not spent any time looking at it from an interest point of view, although I believe it is fair somebody should get interest on money that has been, in a sense, overpaid. But I would be careful about exactly what date that interest commenced. If you had appeals and one was upheld while another was turned down, where do you start? I can see some problems. We would have to find a common understanding as to how to handle it.

On the other hand, I trust you will agree with me, municipalities budget according to the taxes raised as a result of assessment, or they set the mill rate according to the assessment and the money they require, whichever way you want to look at it. Interest costs could be rather substantial, as they would be in Mississauga with I do not know how many outstanding cases at the moment. When they are added up against Mississauga they could be astronomical, even though all that money has been spent providing services, current and so on. We want to be careful it will not drive a municipality into oblivion and create a mill rate in one year that would be completely out of proportion.

I am sure we will study it and try to report back either in due course or in the next estimate period as to how it might be resolved if, in the meantime, we do not have some amendment to the Municipal Act to accommodate such action.

Mr. Epp: May I also bring forth something else to do with the present appeal mechanism in assessments and so forth? This affects municipalities. You have to go to appeal court and some of these things drag on for three or four years. The Association of Municipalities of Ontario has recommended steps to alleviate that long-term appeal period and get a resolution to the problem. Is there anything that could be done?

Hon. Mr. Bennett: We will certainly look at it and try to be reasonable. Perhaps we should develop a paper on it and take it to the

Association of Municipalities of Ontario for some discussion because AMO members will be affected.

Mr. Epp: I realize it affects you, it affects the Minister of Revenue, it affects the Attorney General because of the courts involved at the moment.

Hon. Mr. Bennett: And obviously, it eventually affects the Treasurer.

Mr. Epp: It affects the Treasurer.

Hon. Mr. Bennett: It is a good point. I expect it is one we should look at to see if there is some way to resolve it. At this moment we have not had, to my knowledge, any real pressure. Obviously, the municipalities are not going to be pressuring us into trying to change the act to accommodate or put any percentage into place. I cannot think of many property owners who might have had an overtax position who have made any fuss with us. I suppose some of them would find it was taxable income, and they may not see it as altogether beneficial.

Mr. Epp: There are two problems here. One with the interest and the other with finding some system to expedite the hearing process.

Hon. Mr. Bennett: No doubt about it, that hearing process system has to be some way—

Mr. Epp: There are thousands of cases up there now that are not being reviewed. Justice delayed is justice denied, to cite the old cliché.

Ms. Bryden: A supplementary on this assessment thing: The new act just passed provides under the Assessment Act for the census to be taken only every election year from now on. Will that not seriously restrict your ability to make per capita grants on up-to-date population figures?

Hon. Mr. Bennett: Yes.

Ms. Bryden: Are the municipalities not upset about this?

Hon. Mr. Bennett: Yes. We may have to look at a whole different system, Ms. Bryden.

Ms. Bryden: Is there any solution to this?

Hon. Mr. Bennett: Yes. Some suggestions have been made to us already. A municipality does not always relate costs to individual citizens, but really to individual units of residence or commercial operation. Maybe our system of grants should be based more on the number of units of residence that exist in a community, than on an individual basis. You will appreciate that if a population is declining, the number of units are still there, the streets

must be ploughed and whatever else has to be done. In that respect it seems to present maybe a little fairer way of designating money for any municipality.

3:50 p.m.

On the other hand, communities that have a rapidly-growing population might think the population basis is the best system. I have not decided on a policy. Obviously, it will be a government policy. This is an alternative, looking at units rather than people.

Ms. Bryden: With police grants, one would think per capita would be the best yardstick. There are so many people who have to be protected—although I suppose their property also has to be protected and the buildings—

Hon. Mr. Bennett: You can say there are X number of people per unit, taking an average, and create some argument, debate, or discussion. You can look at a number of other ways to achieve the ultimate in grants and a formula for grants to municipalities. While I admit the three-year assessment will create some interest, it will have to have some ways of correcting whatever imbalances that will come about as a result. A fast-growing community feels deprived. A community that is diminishing will feel the longer it goes before reassessment, the better.

Ms. Bryden: It is a very real problem. The municipalities will no doubt be coming to you with requests for adjustments or some new policy.

Hon. Mr. Bennett: There are discussions now that relate to it.

You asked about police grants this morning and the difference in them. I suggested we look back at what was said by Mr. Rotenberg during the period of passing the bill last December. I think you will find there is a great deal of rationale.

I realize Mr. Wildman raised the point about a community in his area. I could go to other communities that might also feel the same.

Interjection.

Hon. Mr. Bennett: Let us remember, Mr. Wildman, we have tried to accommodate some of the extra costs incurred by northern communities for the general—what is it?—resource equalization grant. Is it six per cent? The budget in the southern part of the province is 18 per cent. That was put in there to try and accommodate some of the extra costs one meets in the northern communities as a result of its sparsity

of population and the distance people have to travel.

There is no such a thing as a police grant. It was just named that. It falls under the general grants but for some reason it got visibility some years ago. As I recall there is no legislation for police grants. The government has constantly tried to, maybe by its own error, perpetuate the name "police grant" while there is still no legislation that specifies such.

I have the same problem. Ottawa would like to think they are entitled to a regional police grant. To take Ottawa as an example, and break down what the grants are to each of the participating municipalities in the region, plus whatever the Ontario Provincial Police service would provide and so on, the Ottawa-Carleton area, on a per capita basis, comes out in a very favourable position re a regional police grant.

But since it is not actual cash dollars in a grant form that are paid to each municipality—it is so easy to discount the fact that the OPP does not really make any difference because we are not paying for it. It is in the general tax. It is not observed. It is not in our budget. It is in the municipality of Kanata or wherever it happens to be.

I trust you and I as taxpayers appreciate that it costs money to keep the OPP around. Somewhere along the line, in its calculation of grants, the province should take that cost into consideration when dealing with municipalities.

Mr. Wildman: To comment on that: I do not necessarily disagree with the minister's line of argument. However, one must realize when dealing with very small municipalities—I am not just limiting it to the north—you have a situation where some small municipalities get their policing from the province through the OPP at no direct cost to that municipality. Yet other municipalities of the same size, maybe somewhat larger or in some cases somewhat smaller, provide their own policing with some assistance from the province but at a lower rate compared to what larger municipalities are receiving.

In a sense, you are encouraging those municipalities—maybe this is government policy although the government has never said so—to stop their own policing and say, "Okay, we will have the OPP operate here, and we won't have our own cops."

Hon. Mr. Bennett: No, no. I would rather think we are going in the reverse direction, Mr. Wildman.

Mr. Wildman: There is a study, as you may know, by the Ministry of the Solicitor General saying all municipalities with a population of fewer than 15,000 should be policed by the OPP.

Hon. Mr. Bennett: Mr. McEwen would be delighted to hear you say that in relationship to Kingston township.

Mr. Wildman: That is a very good example of one that is—

Hon. Mr. Bennett: As Mr. Fleming says, "That might be so about the 15,000, but not necessarily free." That is very important.

Mr. Wildman: Okay. I agree that Kingston township is one of the worst examples of a municipality with a large population getting off scot-free.

Hon. Mr. Bennett: I am going to make a very personal observation. I believe the OPP policing in various communities in this province should be very carefully looked at. I am one who believes that if Waterloo, Cambridge, Kitchener, Blind River, or whoever else pays for its own policing, then every place should pay for its own local policing. This cost should not be absorbed by the general coffers of the province. That is making two classes of citizens in that respect.

Mr. Wildman: Just on a point of clarification: Since you used Blind River as an example, I should clarify that Blind River does have OPP policing, whereas the township of Michipicoten, which is much more distant from 24-hour OPP service, is providing a municipal force—

Hon. Mr. Bennett: Michipicoten must have thought it could do a better job.

Mr. Wildman: Way back in the 1950s.

Hon. Mr. Bennett: Let me go on to the next one, and quickly finish up. Ms. Bryden asked me about the position of regular meetings, and what is covered under legislation. I said to Ms. Bryden very clearly and carefully, at the Association of Municipalities of Ontario meeting, that I am one who believes the best situation is to try to encourage municipalities to get into open meetings or committee of the whole and so on. It is great to legislate, but there are many ways to overcome legislation.

The Ottawa Citizen called me the other day about a group of members of the Ottawa city council who were meeting at somebody's home to discuss the coming 1981-82 budget of that municipality. They asked me, "Would that fall under the classification of closed meetings?" I said, "How do you ever stop people from having

a cup of coffee and discussing the problems of a municipality?" You can carry legislation as far as you want, but remember, they do not always have to meet at the township hall or the city hall. They can meet in various other places. When I was on city council all our official meetings took place at city hall, but not all the meetings that related to items of city business took place there. Many were carried on—

Mr. Wildman: That's what they hold meetings for.

Hon. Mr. Bennett: Is that before or after the sixth one?

It is great to legislate, but I do not think legislation is the full answer. The great thing I have to do as a minister is to appeal to municipal politicians to realize the importance of openness of their discussions to the people of their community. The letters I have had since my remarks at AMO have been very gratifying. Indeed, I have had them from some of the news media. One indicated that in one particular county it was the first time in 107 years that they had an open meeting. They do not need me to legislate and sometimes over-chastising will cause them to find other ways to avoid the situation.

Mr. Wildman: Maybe they just won't have meetings.

Hon. Mr. Bennett: Some would accuse them of that already.

Ms. Bryden: It seems to me "Thou doth protest too much" when you say you don't need legislation and use the *reductio ad absurdum* argument that meetings will be held informally in people's living rooms, in the legion hall, and so on, and that you cannot force those to be open. I agree that meetings will be held informally. But at least if you have the legislation to say all meetings that are called as official meetings of a committee—probably most of them would be held in the municipal building—should be open, then you have achieved by legislation the requirement that the public should have access to those meetings.

4 p.m.

You say we do not need legislation, we can depend on pressure, but the thing is for years and years a great many municipalities have not had open meetings and that still continues. The Commission on Freedom of Information and Individual Privacy looked at this situation and decided legislation was the only answer for those particular municipalities. Your argument is the same as saying that we do not need

anti-discrimination legislation, because most people will not discriminate if there is enough publicity and pressure asking them not to discriminate. I think the minister may just be protecting some of the small municipalities that have had councillors in for years and years and have had rather cosy ways of doing things in the past—

Hon. Mr. Bennett: It must be because the public is satisfied.

Ms. Bryden: They're probably Conservative supporters.

Hon. Mr. Bennett: Wouldn't you say they must be satisfied if they have been there for years and years?

Ms. Bryden: I don't know, because—

Hon. Mr. Bennett: When you look at the fact that in 226 municipalities during the last municipal election, the councillors were elected by acclamation, that has to be an indication that somebody must be satisfied or nobody else is interested.

Ms. Bryden: Or that they do not know what is going on. There might be more people interested in running if they knew the importance of how their tax dollars are spent.

Hon. Mr. Bennett: I wish I could be convinced of that argument, but I tell you if there was interest, people would be there. A great deal of it has to be motivated personally, not by legislation. I am not trying to protect councillors. I am only saying I think there is realism out there. Sometimes when people are shown the wrongness of their ways, they change.

Ms. Bryden: But you admit it is a wrong way.

Hon. Mr. Bennett: I admitted that long ago.

Ms. Bryden: It is a denial of democracy.

Hon. Mr. Bennett: Ms. Bryden, I admitted that long ago, didn't I? Even in my remarks at AMO I had to admit it. I did not have to, but I did admit it.

Ms. Bryden: A lot of people at AMO thought that meant that legislation was called for.

Hon. Mr. Bennett: No, they didn't. Pardon me.

Ms. Bryden: It is hard to tell from 2,000 delegates, or however many were there.

Hon. Mr. Bennett: Were you there?

Ms. Bryden: Yes.

Hon. Mr. Bennett: I didn't get the feeling from going around that they were thinking that is what it meant. They took it as a warning, as a

flag going up from the minister that they should note the situation.

Ms. Bryden: Supposing your next questionnaire survey of the municipalities, which I gather you used to do every election year—and you may do it more often now that we are going to have a three-year gap—shows there are still the same number of municipalities with closed committee meetings, will you reconsider the question of legislation?

Hon. Mr. Bennett: Ms. Bryden, if you go back and look at my remarks to you and to one or two others, you will see I said exactly that. I think I sent you a letter saying that if I don't see a marked improvement and a change, then I will be somewhat convinced that the only other direction to go is legislation. At this moment, I am not convinced it is the best direction.

Ms. Bryden: In the meantime, the press and the citizens in those areas will be denied the opportunity, at least until—

Hon. Mr. Bennett: As a result of my remarks, as I read the newspapers, it seems to have already happened that there are citizens' groups becoming interested in why the meetings are closed and they are asking questions.

Ms. Bryden: Yes, I think that is true. Both my bill and your remarks are having a beneficial effect in that sense.

Hon. Mr. Bennett: Not everything has to be achieved by legislation, but there is some receptiveness by people at the municipal level. They are not all scoundrels.

Ms. Bryden: Since my bill has passed second reading, it would not take very much to call it for third reading—

Hon. Mr. Bennett: It would take a great deal, I tell you.

Ms. Bryden: Then you could blame it on the NDP.

Hon. Mr. Bennett: The NDP seldom take any blame for anything the government does.

Anyway, while I appreciate your concern, I have a little more faith that municipal people, regardless of their political beliefs at the party level, will see the wisdom of having open meetings, save and except for those I have indicated clearly in my speech and on several other occasions, and will try to have them open to the public for the complete understanding of the press. If not, and if the situation in our surveys and so on continues to indicate that people are being somewhat reluctant to do it,

we will very seriously look at other ways of achieving it.

I might want to say in conclusion that I think it takes a little while for municipal councillors to come around, some of them, and to accept being in a public forum and debating things. I think if the minister encourages it—not because it is Claude Bennett, I am referring to the minister, who usually has some persuasive powers on people—if they think it is being recommended at the provincial level, they should try it.

Mr. Epp: I think the problem here, Mr. Minister, is that somehow or other they think if they open up their decision-making process, all hell is going to break loose and they are never going to be re-elected and so forth. They think everything they say is going to be recorded. They have this tremendous reluctance, this fear, and it really surprises me, because half the time around here, where the decisions are even greater than in the smaller municipalities, people up here really care more about how the Argos do, or don't do, than they do about the decisions at Queen's Park, especially the minor ones.

Hon. Mr. Bennett: One of the other subjects Ms. Bryden touched on this morning that has been talked about considerably, and I have made comment about it, is about the upper tier form of government we have in the province. You will notice the bill that we now have for the district of Muskoka relates somewhat to the subject you were discussing about direct election to the district council. Others already have that. Niagara has some who are directly elected to council. I was going to come to county councils because Ms. Bryden did touch on them. It is virtually indicated right from day one who is going to county council, either the reeve and the deputy reeve, or whoever it happens to be, without trying to say on a ballot that Joe, if he is elected, will be the county representative as well as the local representative.

Ms. Bryden: Essex, when they sent this letter, even had a sample ballot as to how the executive setup—

Hon. Mr. Bennett: The farm community, generally speaking, in my opinion, is better informed. I say this in no derogatory way to the urban areas, but I think the rural people are better informed, and understand what is going on in their election process better than people in the major urban areas sometimes, particularly

those who live in the high rise apartments and so on, which make up the major portion.

Let me touch on the point about how we succeed in getting a chairman for a district in Metro or regional council. It is touchy—and I say touchy, because some people are upset because there does not appear to be a political responsibility by the chairman back to a given portion of the electorate. I have said clearly that I do not favour a chairman being elected at large. I think that becomes an absolutely unbelievable situation. Take Metropolitan Toronto: If Mr. Godfrey had to run at large, there is no politician, save and except in a dictatorship, who would have a greater political jurisdiction than he would be confronted with.

Mr. Epp: Just think of the political clout he would have then, compared to what he has now, if he were elected at large.

Hon. Mr. Bennett: There is some truth to that, Mr. Epp.

Mr. Epp: I agree with you, I don't think he should be elected at large. One of the reasons is for that simple reason. The other is that it is very unmanageable.

Ms. Bryden: We do not support an election at large either.

Hon. Mr. Bennett: We are all on common ground, I gather, on that subject. I think there is an opportunity to look at other alternatives and I am in that process. It has been my recommendation that my ministry people look at other alternatives. I must say the regional chairmen who met with me have an interest in what we might be proposing. I find no fault with that. They would like to express their views, and I have accepted that. They are not all in line with mine, but I think if we arrive at another way of going about it, that will find relatively wide acceptance.

There are two ways of achieving it: Either we can change the legislation to indicate how one is going to reach Metro district council, as chairman through an election in a given jurisdiction, or the option is still left with the regional council to do it as it presently is done.

Ms. Bryden: To choose anybody they like, whether he is elected or not.

4:10 p.m.

Hon. Mr. Bennett: That's right. Now, that is the regional council's responsibility. One of the things I find today is that some regional councils are beefing about how the regional chairman comes to be. I don't disagree that it can make the situation a little awkward; indeed, I have one or two regional chairmen who think there

should be a different way of appointing or electing regional chairmen. I'm rather interested in those who have come forward privately. I don't say they're coming forth publicly. Obviously, they are not any different from anybody else; they do not want to break ranks with their fellow chairmen, but they have expressed some very personal views, and we are currently assessing those.

I don't intend to bring forward a bill in this session. If we were going to bring a bill forward it would be in the spring session. So whatever is in place, if there is to be a change it could be achieved come the next go-around, which is in November 1982, or in December 1982 for a new appointment.

Ms. Bryden: Mr. Minister, are you also looking at direct election to the upper tier? That might make a difference in the group choice. It would then be among other directly elected people.

Hon. Mr. Bennett: Not at this time I'm not, although we have entertained recommendations from the district council of Muskoka, as I have indicated in their act, which was to a great extent their recommendations.

Ms. Bryden: I think Mr. Robarts also recommended that for Metro Toronto.

Hon. Mr. Bennett: I know. It's always easy to make a report, file it and then leave it to the politicians or somebody else to try to figure out how you do it.

Ms. Bryden: Mr. Robarts spent two or three years studying the question and a lot of money on his study.

Hon. Mr. Bennett: I won't argue that.

Ms. Bryden: He's a very experienced politician.

Hon. Mr. Bennett: I don't argue that either.

Ms. Bryden: I think there has been quite a lot of support for direct election among Metro Toronto members, councillors, aldermen. I don't know what the figures are.

Hon. Mr. Bennett: Have you had a ground swell of either people in Metro or politicians at the Metro level who say that this is what should happen? I certainly haven't.

Ms. Bryden: Certainly among the NDP aldermen, yes, there is quite a strong feeling that they should be directly elected.

Interjection.

Hon. Mr. Bennett: That's rather a biased position, isn't it?

Ms. Bryden: They're becoming a rather important caucus within the Metropolitan Toronto government.

Hon. Mr. Bennett: Well, don't say "caucus." We're just going to go back into closed meetings if you start talking about caucuses.

Ms. Bryden: I think caucuses have a role to play in determining party positions.

Hon. Mr. Bennett: I didn't know there were any party positions at the municipal level.

Mr. Wildman: Oh, come on.

Hon. Mr. Bennett: Well, I'm telling you—

Ms. Bryden: There have been unnamed party positions.

Hon. Mr. Bennett: Let's put it this way, Mr. Wildman: I didn't think there was supposed to be any party politics at the municipal level.

Ms. Bryden: But there has been for years.

Mr. Chairman: There's none in Waterloo, is there?

Mr. Epp: There isn't formally, and I hope it never comes. I'm on record as being very much opposed to that.

Mr. Wildman: You mean on a formal level?

Mr. Epp: I just want to reiterate that I hope the minister won't do anything to encourage the development of party politics at the municipal level. Despite all the warts municipal politics might have I'm very much opposed to it, because how are you going to have a Liberal or an NDP or a Conservative policy on putting up new light standards in the city of Waterloo or putting in sewers down King Street or whether you are going to put a stop light in at some particular intersection or whatever?

Mr. Wildman: You might on day care.

Mr. Epp: Day care? Sure.

Hon. Mr. Bennett: But day care doesn't have to be, Mr. Wildman, you'd agree.

Ms. Bryden: Don't you think a politician should be answerable to some policy-making body?

Mr. Chairman: We are probably wandering just a little bit.

Mr. Epp: I still think the best decisions are made at the municipal level; they're better than at the federal or provincial level. They are made when people aren't elected because they have to wear a political party stripe; they are made because they were elected on their own merit.

Ms. Bryden: I think that's an insult to all

members of the Legislature if you don't think we govern as well as municipal politicians.

Mr. Epp: No, it's not an insult.

Hon. Mr. Bennett: How do you see that? Well, they're much closer. You were the one this morning—who spoke to me about who was closest to the people. I don't argue that. Obviously, the person who is closest to the people is the fellow who comes from a ward. He has fewer people to represent and he is there on a day-to-day basis. He's dealing with things like the garbage, the leaves, streetcleaning, snowploughing, repairs to the sidewalks, the sewers, the water mains, a recreation program and so on. He is much closer than you or I get to them at the provincial level because we deal with them on a more global basis.

Ms. Bryden: You deal with housing and welfare—

Hon. Mr. Bennett: Mr. Wildman, I might be drifting a little bit from the subject. I don't see that my being a Tory or my being of any other political stripe hurt me in making decisions relating to day care when I was on city council or on regional council in Ottawa. Not a bit.

Mr. Wildman: Mr. Chairman, I wasn't suggesting that. I was suggesting that when you discuss whether or not there should be partisan politics at the municipal level, there already is partisan politics at the municipal level. The question is whether it should be formal or informal.

Hon. Mr. Bennett: I agree with you, Mr. Wildman. But on most councils there is a left and a right wing. The left wing might have a party definition; the right wing certainly doesn't.

Mr. Epp: Can't you tell some people by their votes?

Mr. Wildman: They sure have them in the Legislature sometimes, too.

Hon. Mr. Bennett: It depends on the issue.

Mr. Epp: I have looked at votes around the council, and there are Liberals, there are NDP and there are Conservatives, and they are always crossing lines. You could never say, for instance, that the Liberals voted this way and the Conservatives that way. You know politics. There are always crossed lines no matter what issue it is. They ask, "What decision should I make to represent my constituency best?"

Hon. Mr. Bennett: Anyway, getting back to the chairmanship—

Mr Epp: Now you want to get on to something else.

Hon. Mr. Bennett: If you have some views on it I would be pleased to receive them, as I have from the regional chairmen and various members of the regional and city councils. I will say that we are looking at it; I'm not promising that there will be legislation. I know the anxieties out there among some municipal elected people who feel they are trapped in a situation and they really don't have much choice. That's their view, and so be it.

Ms. Bryden: Do you think you will be looking at the situation before the next municipal election a year from now?

Hon. Mr. Bennett: That was what I said earlier. I hope I will, but I'm not obligating myself to it, Ms. Bryden, because I do have a cabinet. I still have to listen to a number of other people and if I can't find some consensus I think it might not be the wisest move to make. But I'm seriously looking at it. I have made comments about it in several places, including the Association of Municipalities of Ontario. I am still getting some playback.

Ms. Bryden: Before we leave the election issue, if you were going on to something else, Mr. Epp. Were you?

Mr. Epp: Yes.

Ms. Bryden: Could I just ask one further question on the municipal politicians election issue? Have you given any thought to bringing in some sort of election disclosure legislation, disclosure of election expenditures and contributions and possibly an election expense subsidy similar to that provided to provincial and federal politicians? That's always one of the problems when you have municipal politicians, who presumably don't belong to political parties. They have to get their money from somewhere, and if we don't know where it is coming from and if they have to rely entirely on their own sources there may be difficulties in getting good candidates.

Hon. Mr. Bennett: Yes, yes, and no.

Ms. Bryden: You have considered it, you mean, by the first "yes," but you are not planning to bring in any such legislation. Is that what the last "no" means?

Hon. Mr. Bennett: That "no" means I was not proposing that the provincial government should get into any kind of subsidy.

Ms. Bryden: What about disclosure legislation?

Hon. Mr. Bennett: That was "yes."

Ms. Bryden: That would be a step in the right direction.

Hon. Mr. Bennett: We are looking at it; I didn't say we were obligated to do it.

Ms. Bryden: No.

Hon. Mr. Bennett: Let me say to you, Ms. Bryden, that what you say about good candidates and that you won't get them is most interesting. I remember that when I was 21 I decided to run for city council. That was in 1958. I worked for the International Harvester company. At the time I wasn't making \$2,400 a year, but I had been in recreational and community work and I decided I was going to run in a ward in Ottawa that is fairly large. Two aldermen had been there since the beginning of time, so they were well established. I remember I put aside \$200 when I decided to run, and it cost me \$425 when I finished. Nobody sponsored me, but I was determined, I was interested and I was prepared to give up something to achieve the elected position.

I'm not convinced that at either the federal, the provincial or the municipal level, taxpayers' dollars from the public purse should be given, regardless of which political party I belong to. That's a personal opinion. I would be hard pressed ever to get around to suggesting to the Treasurer and the taxpayers of the province that for some reason or other we should get into the financing of municipal politicians' election campaign expenses. I may be an isolated individual, but you would be a long time convincing me to do that. If you think we have some screwballs now who run for public office at the municipal level—

Ms. Bryden: As long as there is no subsidy there is the temptation to seek money from developers.

4:20 p.m.

Hon. Mr. Bennett: Or unions and political parties. Your party washes money, does it not? Pardon the expression. I have had municipal people come to me and ask if I can contribute to their campaign through my party organization. I am sure there must be the odd NDP around the province who asks some federal or provincial member who has a party fund to support him.

Ms. Bryden: We don't take contributions from corporations, for one thing, which is perhaps one of the reasons why—

Hon. Mr. Bennett: What's a union? A union is not a corporation; I appreciate that, but it does represent a fairly substantial interest.

Ms. Bryden: Well, if you add up the total union contributions, they are very small compared to the business and corporate contributions that went to most of the Conservative members in the last election.

Hon. Mr. Bennett: I guess Mr. Grossman would agree with that after looking at his contributions. I would suggest that your party should have hired Mr. Grossman as a fundraiser.

Mr. Epp: I'm sure he'd feel right at home.

Hon. Mr. Bennett: I'm sure he would.

Mr. Brandt: Mr. Chairman, could I just supplement the line of questioning Ms. Bryden is on? I think the suggestion you have made that it would be inappropriate for the government to subsidize municipal election campaigns is quite an appropriate position to take. I think that if it's justified for you to be able to write off for tax purposes federal contributions and provincial contributions to election campaigns, and if you're talking or even thinking about disclosure, then I think it only follows that in order to relieve some of the financial burden on municipal politicians some consideration should be given to that kind of tax relief as a recommendation to both the federal government and the provincial government as well.

We don't do that at the moment for municipal politicians, and I can see no rationale for excluding them. I think there is some sympathy for moving in that direction. There has been a great amount of discussion saying that the three-year term relieves some of the financial burden in respect to taxpayers who have to pay for those elections, but I think it is equally important to recognize that the individuals running are carrying a burden.

Look at the Metro Toronto campaigns. The sums of money being expended now are absolutely absurd, and frankly, the same thing is happening in some of the smaller municipalities where the campaigns are heating up on a partisan basis or whatever. It's costing the individuals a lot of money. Frankly, I have never had a municipal election in which I have had enough money to cover my campaign expenses. It was always something I had to contribute to privately. I got donations, as many people do, but it was never enough to cover the full cost of the campaign.

I think some relief should at least be consid-

ered in that respect and that direction by way of disclosure. I don't think there is anything wrong with that, especially if you set reasonable amounts. I'm not talking about relatively small \$5 and \$10 amounts; but if there's a reasonable limit for disclosure purposes I think it's a step in the right direction, but also on a tax write-off basis.

Ms. Bryden: Does that mean that we should differentiate between federal and provincial and municipal politicians? I think they should all be entitled to the same sort of tax assistance.

Hon. Mr. Bennett: It's interesting when you say each one is entitled to tax assistance. That's right. The federal contribution is taken directly off the federal tax; it does not interfere with provincial taxation at all. I contribute to the provincial party, and the provincial cost is taken directly off the provincial tax, which is not associated with the federal tax in any way, shape or form.

I ask you, Ms. Bryden, how do you possibly come back to a municipal tax? Remember that you have more than three parties in a sense. You have a fairly wide spectrum of candidates, including school board trustees and public utility people, who might also fall under it. We don't stop at municipal councillors. We have a number of other elected fields. You can have a fairly wide situation, and I don't know just how you would rationalize it.

Let me suggest that while Mr. Wildman and Mr. Brandt might agree on a ceiling of expenditures, we also have vastly different areas of elected office. For example, take an alderman running in the city of Toronto versus a person running for council in Blind River or whatever other community; there is no comparison in the cost of running the two campaigns.

Ms. Bryden: Could you not pass enabling legislation permitting local municipalities to bring in whatever election subsidy system they wanted with disclosure and with ceilings, which are very important?

Hon. Mr. Bennett: I have great faith in the public, no matter how much is spent. You may argue with me about spending money and who wins an election. We have watched candidates who spent a lot of money and did not succeed and we have watched candidates who spent a lot of money and succeeded. I think the final determination is that the general public will understand what is going on.

In the matter of limiting campaign expenses, the federal one is a good example. They have

certain limitations, but I am told there are ways to avoid some of the things. I am certainly not well versed in it but I remember the debates that went on in our House some time ago when campaign expenses were being discussed. You could put money on deposit with a printer in advance of the writ day, and that was not considered to be a part of the campaign costs and that kind of nonsense.

Ms. Bryden: There are always some ways but a good auditor can catch a lot of things.

Hon. Mr. Bennett: It is not a matter of an auditor. That has nothing to do with it. They are completely within the law. What they are doing is circumventing the law without breaking the law. That is what they are doing.

I do not think anyone was finding any fault with disclosure, nor with the limitation of contributions. Frankly I have never been convinced, regardless whether you were given \$10 or \$500 or \$1,000, it would influence 99.99 per cent of the people who seek public office in relation to any project you happen to have. I believe individuals who are running accept a contribution from someone who believes whoever they are contributing to is going to serve the community to the best of his or her ability and in line with the philosophy he happens to believe in.

Ms. Bryden: But the limitation on expenditures would prevent these tremendous differences in what is spent on any given riding between parties.

Hon. Mr. Bennett: You are also going to take into account, I trust, all the free time that is spent by people from associations who are paid through an organization to be there.

Ms. Bryden: I think the federal limits have worked reasonably well and there are not these vast spreads between the candidates in given ridings that there are in Ontario.

Hon. Mr. Bennett: Your party, Ms. Bryden, as would my party and Mr. Epp's party, would spend all the money they had, to achieve the ultimate of an election, which is success. It would be interesting to do an assessment of the campaign costs of yesterday's election in Manitoba.

Ms. Bryden: Certainly expenditures of more than \$50,000 and \$100,000 seem to me completely beyond what are necessary in order to elect a person. After all, in the long run the taxpayer is probably paying it in some form or other.

Hon. Mr. Bennett: You are damn right he is. Just look at the subsidy we give everybody who receives more than 15 per cent of the votes.

Ms. Bryden: Yes, but that does not allow for expenditures of more than \$100,000.

Mr. Epp: I am still waiting for mine.

Hon. Mr. Bennett: You are still waiting?

Mr. Wildman: It is still costing me money on the interest.

Hon. Mr. Bennett: Yes, but the surplus you have is making more interest in the bank than—

Ms. Bryden: At the municipal level also you could have it so the candidate must receive a certain percentage of the votes in order to limit the number of candidates who would qualify.

Hon. Mr. Bennett: Mr. Chairman, I appreciate Ms. Bryden's comments but it is not really within the municipal sphere that we are talking about. I am not about to recommend to the government that we get into any kind of a subsidy program, or even indicate an amendment to the Municipal Act to allow for a subsidy from the treasury of a municipality.

Mr. Epp: Can I get on to something else?

Hon. Mr. Bennett: Certainly.

Mr. Epp: You spoke earlier about the Provincial-Municipal Liaison Committee. As you know, it has not worked very well in the last three years since the provincial government more or less indicated it was not going to meet some of the requests of the Association of Municipalities of Ontario. Since then, AMO has not been participating.

With January 1 coming up and with the new organization, would you anticipate that this will be a monthly kind of a forum? You referred to it on page five of your remarks but did not elaborate on how the deal was going to operate. Maybe you could elaborate on it.

Hon. Mr. Bennett: Mr. Epp, you will recall that PMLC did have a breakdown because there were some differences of opinion. It was PMLC's decision not to continue to participate because it felt there had been some—

Mr. Epp: That became AMO's decision not to participate.

4:30 p.m.

Hon. Mr. Bennett: Whether it was AMO or PMLC, the committee still continued to meet with the ministers on various problems.

What would happen out of the new association? There is common agreement among the directors of the Association of Municipalities of

Ontario and more or less specifically myself, rather than trying to say the ministry, that the monthly meeting business became rather routine. It almost appeared that because it was coming to the third Friday of the month we had to have a meeting.

This does not mean we were going to discuss anything or there was any reason to be there but we were going to have a meeting, because that was the routine.

Mr. Epp: It was postponed a number of times.

Hon. Mr. Bennett: Yes. It creates employment for a group of people when we say every third Friday of the month we are going to meet. They have to make up an agenda and find some reason for being there. We have decided with AMO—and it has not been positively agreed to in all aspects—that if there are certain things that should be discussed we will have a meeting. AMO was fully in agreement when they started to find a great deal of time was not well used. I believe this process will serve the municipalities in the province much more effectively and will ultimately be beneficial.

Mr. Epp: One of the thoughts that has come forth is that the association should have an opportunity to appear before one of the committees of the House—for instance, general government committee—and you would be here and the various representatives could put forth various thoughts they have on some of the legislation. How do you feel about that?

Hon. Mr. Bennett: Just as long as you appreciate it is not fair to say that I will be here. I do have a few other responsibilities. There are 838 municipalities, and regardless of what AMO or PMLC or any other group want there are still many municipalities that want to come and meet with the minister. I am sure you will recognize there are a few from your community, and a few from—no, I am wrong, Mr. Eves does not have anyone who wants to come to see me. He has them lined up. I think he has a weekly appointment.

Mr. Eves: I sit down with the minister and municipal delegations every week.

Hon. Mr. Bennett: A spinoff maybe.

We are prepared, as a ministry, to sit down with them and review any piece of legislation. Through AMO we try to keep them abreast of what we are doing. You and Ms. Bryden and others will agree with me that most of the legislation we bring forward regarding municipalities is as a direct result of requests from the municipalities or AMO. It was the municipali-

ties as much as anybody that looked for the three-year term, conflict of interest and boundary legislation.

I do not consider it to be what we would call a political party requirement to try and make the municipalities effective, as they see their job. I am prepared to sit and discuss things with them as I have clearly indicated and have done.

If they wish to come before a general government committee or whatever other committee of government to review something, it is perfectly acceptable to me. I am not so sure I would be there but we will have representatives here—Mr. Rotenberg or somebody—to at least hear whatever they have to say in a public way. I have no objections. I think it might be very beneficial to everyone. To be positive, it might bring the opposition members to a better understanding of what they want, rather than believing it is my request when it is really outside forces, the AMO, that want it. I do not say you ever suspect me of trying to ram something through, but I am sure there are times when members in your caucus must wonder whether it is the minister's request or whether it is an outside request.

Ms. Bryden: If those meetings are open to the public, as are the Provincial-Municipal Liaison Committee meetings—and I used to attend them regularly—we would have a better understanding of what the municipalities were asking and in which areas they wanted legislation. At the present time those private consultations you are talking about are not open to the public. Is that correct?

Hon. Mr. Bennett: Let me put it this way. The only meetings I have ever had with them have been in the boardroom at the ministry.

I have been moving around. I have been on this job since July 8.

Ms. Bryden: You spoke to some of the PMLC meetings.

Hon. Mr. Bennett: When I was over in the Macdonald Block, yes. We used to go over and try to express views on certain subjects. Whether they agreed or not was another thing.

I meet with whatever group asks to meet with me in relation to whatever piece of legislation or problem they seem to be experiencing that comes under the administration of my ministry, or where they think we could have some influence with another ministry in resolving the problem.

I said very clearly to the municipalities that I would like them to keep me—when I use the

word in relation to myself—and my ministry advised of whatever problems they seem to be encountering with any other ministry of the government. So at least they will have one ministry that has an overview of the situations municipalities are encountering with other aspects of this government.

Mr. Fleming has been much more closely associated with all of the proceedings that have gone on with the Association of Municipalities of Ontario and its reorganization. They, in their own operation, still have not come to a decision as to how they want to frame their meetings with the government. They have not yet decided. It is understandable since they are not officially in operation until January 1. They have been meeting and we have been meeting with them. I would think they would not be offended by being invited to come and express views on anything. The Planning Act would be a good one.

I have told AMO to be ready to present their case, either objecting or supportive, as effectively as possible. I think it is going to be difficult for AMO to find a common denominator among the 838 municipalities on the Planning Act. Some will see it in a considerably different light than others, depending on the size and effectiveness and the professionalism you have within your community for planning.

Ms. Bryden also raised the point about committees of the new ministry, and about the secretariat for the boundaries and so on. That is an in-house committee as you will appreciate.

Ms. Bryden: Yes. It will be a full-time secretariat from which you will draw these review panels? Is that correct.

Hon. Mr. Bennett: Yes, they will be in-house people.

Ms. Bryden: But they will be full-time paid staff as well.

Hon. Mr. Bennett: Yes.

Ms. Bryden: I guess I was thinking more of advisory committees.

Hon. Mr. Bennett: Yes. I understand your concern. A wise government is one that realizes there is not only one political philosophy nor one social view out there on how this world is going to operate. I think one of the reasons we have been successful as a government is because we have recognized there are people with opinions out there other than Tories. I think if you look over the committees we have had—

Ms. Bryden: You have complete authority under your act to appoint whomever you want.

Hon. Mr. Bennett: Yes, you are darn right and I tell you we have capitalized on it. We have been able to bring in people who have been able to give us the other side of the picture. Take our housing authority. We bring in federal, provincial and municipal people and they cover all areas of the political circle you could possibly—

Ms. Bryden: Tenants?

Hon. Mr. Bennett: Tenants are not restricted from being appointed to the authorities—never have been.

Ms. Bryden: How many are on them?

Hon. Mr. Bennett: There are some on them. I know in my authority in Ottawa we have two or three.

Ms. Bryden: I know there are some.

Hon. Mr. Bennett: Sure, it is not a restriction. The inference has always been that there is, but there is not.

Ms. Bryden: Every board should have some tenants and every municipal advisory board should have some representatives of AMO.

Hon. Mr. Bennett: No, I do not agree with that. But we have honoured our obligation in committees on subjects that relate to municipal problems. We have brought in AMO or appointments of AMO, from their board of directors or whatever it might happen to be, but the ultimate decision has to be the minister's because it is a review committee that is reporting to the minister.

Ms. Bryden: It is possible that it could be similar to some of these other boards like the labour relations board. We have equal numbers of the people concerned, plus a chairman appointed by the minister.

Hon. Mr. Bennett: I do not say we are going to have equal numbers, because I do not know what equal numbers would relate to. I could find such a broad spectrum of people who might be interested in a particular topic that the committee would be completely out of hand in numbers.

I think the sensitivity of my job is to make sure we recognize all of the different interests out there and we try to get them to have a part in it.

I was with the Metro Toronto Housing Authority the other night, our housing, with Dr. Albert Rose. I looked over the committee and it is an interesting one because there are people who represent your political philosophy on that board.

4:40 p.m.

They do not hesitate to tell me so. There are those who represent the federal Liberal government's point of view on that board and then there are those who are Tory appointees and who have an open mind on the subject.

Ms. Bryden: I presume you have the token woman, too.

Hon. Mr. Bennett: Ms. Bryden, it might upset you but there are four. One of them is resigning unfortunately, because she has taken on another responsibility in our community. I will be looking seriously. I have a lady in mind who I think would do a superb job. I shall have to approach her and ask if she will take it. If she does, poor old Albert Rose will be on the run constantly. I do not mean to the washroom either.

Anyway, I think we have tried to be very much aware of the interests. The final decision, as I say, is mine. The report comes to me and I have to be somewhat—

Ms. Bryden: Have you ever had requests from the Association of Municipalities of Ontario or its predecessors for the opportunity to appoint a certain number of persons—

Hon. Mr. Bennett: I do not think I have ever had the request because I have always gone to them and asked them. Just to clear up something here, the annexation review committees we are talking about, not the secretariat but the review committee, are outside people who are chosen by the municipal councils involved in the discussions.

At the moment Mr. Brandt has a rather interesting situation developing in Sarnia. We have Sarnia which wants to annex part of Sarnia township and we now have Sarnia township which wants to annex part of Sarnia. I am not sure which one is the elephant.

Mr. Brandt: Mr. Minister, we do not refer to it as annexing. If I may use a different term it is rationalized boundaries. But you are absolutely correct in your description of the other things that have taken place. There are certain moves being made to look with some interest on someone else's territory.

Hon. Mr. Bennett: I am glad I have that explanation from Mr. Brandt. I sent Mr. Brandt and Mr. Henderson there to bring some degree of understanding out of a meeting they had a few weeks ago.

Mr. Brandt: We certainly accomplished that.

Hon. Mr. Bennett: Now I have two motions. As I just indicated, one wants to annex the other.

Interjection.

Hon. Mr. Bennett: That is right. We can get Lambton county to come in and take both of you over, is that it? Ms. Bryden, there happens to be a fair amount of input in the municipal associations. I am not going to get into Malvern. We discussed that for a few moments this morning and I think this government is doing its best to find some way of resolving the problem. I do not think it is going to happen overnight.

On the Niagara Escarpment situation, I trust you will have read the press release that relates to what we have done in relation to the Niagara Escarpment decontrolling. As you will recall, at the time the Niagara Escarpment was established, there was a rather wide swath of land that went all the way from Niagara to Tobermory. I think everybody was well aware it was a great deal more than whatever came into the final defined plan.

The action we have taken is a result of advice given to us by the review committee. This land is far beyond anything we are ever going to consider within the escarpment. But while we decontrolled it, it was decontrolled on a progressive basis.

First, we must have a request from the municipality in which the land is situated. Second, they must have an official plan. Third, the official plan must be such that it will protect the area or that the development is compatible with the escarpment, with the adjacent land. Then it becomes decontrolled under our order, but only with that situation.

I think of the 30 municipalities or thereabouts that are involved, about 18 or so are in a position, if they wished, to ask for consideration tomorrow. There are another 10 or 12, whatever the number happens to be, that would have to upgrade their plans and so on to be given the same consideration.

I am sure there are some municipalities that may not want to take it back. They prefer to let the provincial government be responsible for the long-range use. I think all the safeguards that could possibly have been thought about in relation to this land have been taken into consideration.

Ms. Bryden: There is no direct freeze on the extension of the aggregate industry within the areas designated as under development control.

Hon. Mr. Bennett: They certainly have a lot of hearings to get through ever to get a licence. Right?

Ms. Bryden: Yes.

Hon. Mr. Bennett: The success has not been high. There is the time factor and the processes involved. That is why we have tried to have a consolidated hearing for the environment and the official plans and so on, to try and get some rationalization into the whole system so that the general public is not spending a lot of money going through two hearings that are identical to each other, with one under Environment and one under the Ontario Municipal Board for official plans.

Ms. Bryden, if you are saying the government should for ever and a day say everything is frozen and there can be no change, I think property rights are also owned by certain people in this province who are as much entitled to be heard by certain authorities, boards and commissions as any other property right.

Ms. Bryden: Land use planning involves trying to weigh the interests of different owners of property and of the general public.

Mr. Brandt: Mr. Minister, there is one tale in regard to this kind of frozen situation you are speaking of that is really heart-rending when one hears it. It is about a gentleman who bought a piece of land on the escarpment who intended to develop it. He is not a developer. He happens to be a former newspaperman. He does not have a large pension and his whole purpose in life was to have this land developed. I sent the minister a letter on it.

The land question is frozen at the moment. If he gets approval to open up the development, which is in the northern part of the escarpment, he intends to put a limited number of houses there. He is now 80 years of age. I do not know how much longer it is expected he is going to live. He has been waiting for some 20 years to get this land developed.

It is sad that here is a man who put this land aside for pension purposes. He is not a wealthy individual. I am not mentioning his name but the fact of the matter is—

Ms. Bryden: You say he was not a developer, but he was going to develop several houses.

Mr. Brandt: I am differentiating between a Cadillac-Fairview developer and an individual who has never developed anything before in his life. He bought a piece of property and wants to put up a few cottages or a small development on

it and literally he is stopped from moving in any direction whatever to recapture some of his investment.

I do not see anything inappropriate about his aim, as long as the development can be, as the minister has said, mixed in with the total development of the escarpment. It is quite appropriate to allow relief in certain areas. I have not looked at the situation in great detail myself, but perhaps this is one of those situations.

All I am saying is there are some innocent people getting caught in a bind who are not big bad developers with all kinds of money. They are individuals such as you and I who invested their money with the intention of getting some return, perhaps for no other reason than retirement purposes.

I thought that was what this province and this country was all about. He is taking a bit of a chance and he is speculating to a certain degree but he is not a developer in the fullest sense of the word. He is just an individual who did what he thought was correct. He cannot do it now as a result of government dictate.

Ms. Bryden: Of course, there are conflicting interests of those who feel the escarpment might be damaged by this development, I presume, if it is under control.

Mr. Brandt: I would like to see the government acquire more land in the escarpment. I would like to see us get into a more aggressive land acquisition program—

Ms. Bryden: Now you are talking—

Mr. Brandt: —as budgets would allow. I do not think we are doing enough in that regard. There is a great deal more we can do than we are now, if the budget and our resources allow. But I also think there has to be a reasonable attitude towards some development. Even the committees that have appeared before us have indicated they are not trying to freeze all development or stop everything. They just want a mix.

Ms. Bryden: I would agree with that, but land acquisition had been frozen for a good number of years on the escarpment.

4:50 p.m.

Hon. Mr. Bennett: Ms. Bryden, I think everybody, whether it be the private citizen who lives on the escarpment and is deeply associated with the escarpment or the politician of the region at the municipal or provincial level, has to keep things in balance. I am fully aware of that and willing to accept it. That is the reason for planning.

At times we also need some degree of understanding of what the provincial long-term requirements are in aggregates. It is great to cut off our nose to spite our face and say we cannot take any more aggregates from the escarpment. But I will tell you if industry starts to close down and there are no jobs, or we start hauling aggregates in from way up in the northern part of the province at astronomical costs using energy we should not be expending on that kind of transportation cost, your party will be yelling at the government to find more rationalized ways of getting it here and doing it. It is incumbent upon this government and each member of the political system to keep things in balance. I do not say we should be—

Ms. Bryden: There are a lot of conflicting figures as to the need for aggregates and whether they could be obtained from other areas.

Mr. Wildman: In terms of getting balance, are you prepared to recommend the Pits and Quarries Control Act apply to northern as well as southern Ontario?

Hon. Mr. Bennett: You know what some of the problems are there as well. If you want to take it into northern Ontario you know the arguments we will have. You will likely not be the last one in line to give us hell about certain aspects. When I was up in Parry Sound I went out on a couple of islands where they used to mine some granite to use for construction-facing of some hotel projects and all hell was a-popping.

Some people were upset because it had a fairly strong economic impact on the community, but environmentally it was not acceptable. That might be right. I am only saying there has to be a balance. Unfortunately, because there happens to be eight and a half million people in this province, we will maybe have eight and a half million different ideas of how the balance should take place.

If the day comes when we have no aggregates and certain industries start to grind to a halt, including the construction industry, I am sure there would be some change of attitude, that there should be a little more leniency expressed. Mr. Wildman, you do not want all the holds.

Mr. Wildman: It is why I think the Pits and Quarries Control Act should apply to northern Ontario.

Hon. Mr. Bennett: I will direct you to the Minister of Northern Affairs (Mr. Bernier) and the Minister of Natural Resources (Mr. Pope).

Anyway, let me get to the last issue which was the one of waste disposal sites. We talked about old dump sites where we had a gas problem.

The Ministry of the Environment at this moment is going through a rather extensive research program to try to identify each of them. I think it would be rather foolish if anybody ever said to you they could guarantee we will never find we have something built on a previous dump site. There will be cases when all of a sudden, for lack of knowledge, they will hit upon one that no one has identified over the years. We had one in Kitchener.

I have difficulty believing it. I said to somebody, "Surely to goodness, somebody must have realized that was a dump site in 1928." They said, "No, no one in the municipality realized."

So be it. I suppose government will spend time and effort and try to research it the best way possible. Ms. Bryden, this government does not enjoy the complications that arise as a result of that kind of accident any more than anybody else does. But I do not know how I say to tell the members of this committee, to the Legislature or the people of Ontario that it will not happen again.

Ms. Bryden: I appreciate it is the responsibility of the Ministry of the Environment to try to find these places and find out what is in them by test samplings. I hope he will proceed with that as quickly as possible so we are assured we know as much as we can about them before anything is built on them, but is it part of your approvals procedure that you check with the Ministry of the Environment as to whether the area has been surveyed and how long ago there was any use made of that land for landfill?

Hon. Mr. Bennett: Yes.

Ms. Bryden: I think that sort of meshing of the two ministries is important to prevent it happening again.

Hon. Mr. Bennett: I think you are absolutely right. We will take whatever safeguards we can, as long as you realize there is a certain thing called human frailty. We all realize what it is all about in the mapping process they are going through.

Ms. Bryden asked something about the work programs in the municipalities being cut back. Was it not something along that line? Did you not say that they were cutting back because of the cost of money and so on? I think through the rental construction program we have tried to initiate and stimulate a great deal of activity.

Ms. Bryden: I was thinking of public works as well—new sewage plants and that sort of thing.

Hon. Mr. Bennett: Do you know of any of those that have been cut back? I look around this city and my own city of Ottawa, I have travelled to a number of other municipalities throughout the province—

Ms. Bryden: Windsor reported they were having to cut back their capital planning.

Hon. Mr. Bennett: But did they cut back?

Ms. Bryden: I think they did.

Hon. Mr. Bennett: Did they cancel some contracts for work? I don't know. If that is the case it was never reported to us, but if you are talking about the community service contribution program, just remember that I argued strenuously with nine of my colleagues from across Canada to have the community service contribution program continued because of its direct impact on employment in communities, but more specifically, on upgrading and improving the quality of life and the services at the municipal level. We have tried, through the neighbourhood improvement program, to at least retain our provincial contribution under the CSCP. There is no way this government can move in and fill the void created by absence of the federal government from the program.

There are days when I am dealing with my colleagues in Ottawa that I get a little frustrated. They take all 10 provinces and make us into damned fools because they nicely talk about disentanglement. This is the great new word in our vocabulary, at least in our discussions with the federal government. They disentangle by getting rid of 10 or 12 programs that obviously work. There was a lot of duplication in administration and inspection and so on in the programs that were run by provincial and municipal governments with the federal government also being somewhat involved.

I guess the one thing you should always be aware of is if you get rid of 14 programs and put them into one, when you come to use the knife, it doesn't take much to cut one loose. It would have taken a lot more political effort to cut 14 programs loose than it did with CSCP as a single entity that we had bargained ourselves into under the great caption of disentanglement. I will be somewhat more careful in any future discussions about disentanglement as to what "long term" could mean.

This is not just in Ontario; I am sure every province would have the same scepticism, but it is gone. I appreciate that about 68 municipalities in Ontario have applied for more money

under the Ontario Municipal Improvement Corporation program than we would have in about five years under the program. I am in the process of trying to rate the applications and give them a priority and it will take the wisdom of Job to do it.

The Ontario rental construction program in my opinion has created about 15,000 units and we will have created somewhere close to \$700 million of construction work. That has nothing to do with the other spinoffs that come as a result of it in other allied services, such as the supply of furniture, contents, drapery, rugs and so on. So I think if we get all those 15,000 and if the federal government gives us their 15,000 units, or a big portion of them—

Ms. Bryden: They are not going to give Ontario the whole 15,000.

Hon. Mr. Bennett: If the federal government plays the game with us properly and fairly, and I have no reason to suspect they will not, we should get at least 6,000 units, which will account for about \$45 million.

Mr. Newman: There is \$650 million that is loose now.

Hon. Mr. Bennett: Not loose. It's invested.

Mr. Newman: You could have invested it in—

Hon. Mr. Bennett: Your friends in Ottawa bought a whole company. They didn't just buy 25 per cent, they bought the whole damned thing.

Mr. Newman: Your priorities are mixed up.

Hon. Mr. Bennett: Now they are starting to throw poor little operators out of the service stations, according to last night's news. My goodness, to think the federal government under Petrocan is doing that to some poor little operator of a Fina station. I expect somebody will come to his defence tomorrow.

5 p.m.

If we get the \$45 million from the federal government, and I don't know whether we will, and if we apply it against the roughly 7,000 or 8,000 units that are approved in Ontario that have not started construction, and if you add an extra \$1,500 and then apply the balance of \$7,500, if they piggyback the system—and I think they might have to piggyback it to get it underway before the end of December or nobody is going to get the use of the multiple-unit residential buildings program—we could have all 20,000 or more units under construction in Ontario.

Ms. Bryden: There are a lot of "ifs" there.

Mr. Epp: You are going to get the mortgage insurance then.

Hon. Mr. Bennett: Are you talking about the MURB program?

Mr. Epp: Oh, you are talking about the MURBs.

Hon. Mr. Bennett: Yes, the MURBs for people who have purchased them, who are not in the real estate business and who want a writeoff against taxes. There are no rental units being built in this province, and I doubt in this country today, that are economically sound investments from a rental point of view. There is not one that the revenues produced per month on rent would equal the capital cost and the carrying cost. It is virtually an impossibility. I would say that the difference between market rents and economic rents would average somewhere between \$200 and \$300 per unit. That is where the MURB comes in. You can take that loss back and apply it against other incomes, as long as you are not in the real estate business.

Mr. Chairman: Mr. Bennett, are you finished with your response?

Hon. Mr. Bennett: Unless someone believes I haven't answered some questions.

Mr. Chairman: We have approximately five hours and five or 10 minutes left to deal with the six votes, so we will be back here one week from today at 10 o'clock in the morning. We will have to try to restrict our questioning to balance out the time we have allotted to us.

Mr. Epp: Is it vote 2201?

Mr. Chairman: Yes.

Mr. Wildman: Mr. Chairman, the five hours will take us to what time next Wednesday?

Mr. Chairman: From 10 a.m. to 12:30 p.m., and then from 2 p.m. to approximately 5 p.m.

Mr. Wildman: That will be to the end of next week and then we will be starting something else—we are not sure what.

Mr. Chairman: It will be the Treasury the week after.

Ms. Bryden: When will we have the scheduling of the Pr bills?

Mr. Chairman: We will have to discuss that and try to report back next week.

The committee adjourned at 5:05 p.m.

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No. G-8

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government
Estimates, Ministry of Municipal Affairs and Housing



First Session, Thirty-Second Parliament
Wednesday, November 25, 1981
Morning Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 25, 1981

The committee met at 10:17 a.m. in committee room No. 1.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

(continued)

On vote 2201, ministry administration program:

Mr. Chairman: Mr. Epp, Mr. Philip asked if he could be recognized first as he has to go to another committee meeting. It is entirely up to you. You would have the first shot at it.

Mr. Philip: May I have five minutes?

Mr. Epp: Sure.

Mr. Philip: It may well be that the rent review item does not come up in Consumer and Commercial Relations for an hour or so, but I have no way of telling that.

Mr. Smith: They have so few members, they have to do double duty. We must accommodate them.

Ms. Bryden: That will be changed.

Hon. Mr. Bennett: In what direction?

Mr. Philip: I am sure what we lack in quantity we make up in quality.

Mr. Brandt: Is that a personal opinion?

Mr. Philip: That opinion is being voiced by the Conservatives about us, in contrasting us to the Liberals anyway.

Mr. Brandt: Now you are on some very difficult ground.

Mr. Philip: I understand the minister did not respond to my concerns expressed about Grass Lake and Proudfoot township because he said he wanted some more details on it. I would like to present a petition to the minister. It is signed by some 30 people and addressed to the minister—not to you, Mr. Chairman—"the Honourable Claude Bennett, Minister of Municipal Affairs and Housing." It says:

"This petition concerns the proposed high-density development of Grass Lake in Proudfoot township. A subdivision of 90 back lots was approved without consulting either local residents, the Proudfoot Township Property Owners Association or locally elected representatives.

"We, the undersigned property owners, believe

that the decision was made without adequate consideration of the implications, environmental and otherwise, which it entails. When referring to environmental implications, we refer not only to the obvious and seemingly ignored ecological disturbances this additional development could create, but also to the increased disruption which goes hand in hand with increased development and the tranquility with which we associate our northern semi-wilderness.

"Grass Lake is relatively small, roughly one mile by one half mile, and if only half the proposed 90 lots are sold, the number of people on the lake could nearly double. This means a doubling of the strain of the environment and of traffic on the lake. We believe that the distribution of water traffic would become a serious problem if such a doubling were to occur and that the ecological implications have not been adequately assessed.

"We propose that an environmental impact assessment be made and that developers study the program of water traffic distribution. We propose a public hearing at which all concerned parties can present their arguments. In short, we propose that the developers be required to prove that the hyper development of the lake will benefit other than those same developers, and that any development be postponed until those concerns have been consulted and the pros and cons evaluated.

10:20 a.m.

"Please note that all of the undersigned are cottagers and not just property owners. There are 77 cottage properties on the lake, of which only 44 are developed, leaving 33 as yet undeveloped. Not everyone who might have wanted to sign could be contacted at the time the petition was prepared.

"To give some of the specifics about this area, Grass Lake and Sweny Lake, the size is one mile by one half mile and the location is the district of Parry Sound, Proudfoot township, 13 miles east of Burk's Falls, north of Huntsville. The local government is the town of Kearney.

"Development history: one small commercial lodge and about 14 cottages were developed on the south side in the 1950s. In 1969, a development of 61 lots was started, taking in the whole west

shore and part of the northern shore. Twenty-nine cottages have been built here so far. In 1978, three lots were added on the south side and two cottages were built. The grand total in 1981: 44 cottages or developed properties, and 33 lots have not yet been built on.

"Communications: in 1980, the regional government was introduced. At this time, the Ontario government informed the town council that a subdivision of 93 back lots to be developed on the east side of the lake had been approved. By 1981 the town council informed the residents.

"Proposed subdivision: a newly approved subdivision starts about 100 yards from the shore and stretches to the northeast to a pond which drains into Grass Lake and to the south to a creek which comes from Grass Lake and also Askin Lake which is connected to Oliphant Lake. The whole area is very low.

"Thanksgiving weekend, 1981, much of the land comprising the lots bordering on the pond was submerged in water. Water from Grass Lake drains into Loon Lake, and farther down into Sand Lake, which is connected to the Magnetawan River.

"It is our opinion that Grass Lake will be overcrowded by the time the existing lots are developed and that the newly approved subdivision cannot feasibly be made environmentally sound."

That is some information on that. While the minister is still getting some additional information—and I appreciate that he may want to answer something like this, which is fairly specific, later on—I would like to raise one other matter under this vote in an extension of some of the comments I have made on the proposed Planning Act. Section 31 of the proposed Planning Act, which re-enacts provisions of section 24 of the current act, sets out property standards bylaws.

Under the City of Toronto Act, the city of Toronto has more stringent and comprehensive property standards bylaw enforcement powers than are afforded by other municipalities under the Planning Act. In areas like Etobicoke, even though our bylaw enforcement officers work extremely hard, we are often faced with landlords who use every possible delay. I could go into great detail and take a lot of time just comparing the City of Toronto Act, 1936, as amended, with the powers that areas such as the borough of Etobicoke have under section 31 of the proposed Planning Act or section 24 of the current act.

I wonder if the minister would consider, under section 31 of the new act, amending it to standardize the bylaw enforcement powers for all cities, so that areas such as the borough of Etobicoke would have the same teeth in enforcing standards as has the city of Toronto. If not does he see any other method of giving boroughs like Etobicoke and some of the other municipalities the same kind of power as the city of Toronto has so that they can step in and ensure that landlords keep their buildings in a reasonable state of repair.

Those are my two questions. The minister may want to answer the last one first and then go on to the more detailed one when he has had an opportunity to talk to some of his staff.

Hon. Mr. Bennett: As I said last week, Mr. Chairman, the proposed Planning Act introduced on October 29 has had its first reading. We are now hoping that it will get second reading and be sent out to committee for a rather complete review by all interested parties, whether they be of a political nature, planners or lawyers, municipalities or whoever else wishes to participate.

The act we have at present has been around for about 35 or more years and has had major changes and amendments. We think the new act will do a considerable amount towards streamlining and advancing the planning process in this province. In relationship to the section you referred to—I think you said section 31—

Mr. Philip: Yes.

Hon. Mr. Bennett: —I will have a look at it. I do not pretend to know this morning all the things that are in the 1936 version or whatever it is of the Toronto act and its standards. I would not want to venture into the field but we will certainly have a look at it.

In the building codes and in the safety codes we have established a provincial level. If a municipality wishes to go beyond that, that is fine, but they cannot drop below it. Municipal councils will decide whether they think it is necessary in their particular community to have something greater than what the province, or indeed the federal government at times, through its National Building Code, happens to be offering.

In relationship to the first question on Grass Lake, formerly in the township of Proudfoot and now in Kearney, the application, according to what I have here, was originally made in August 17, 1977, and the government or the ministry circulated that request to a number of

agencies including the Ministry of Natural Resources and the Ministry of the Environment for their comments and recommendations.

In response to the applicants' complaint about the delay—and I gather it was prior to my time in coming to the ministry—a letter was sent back to them saying that we were advising the principals of the development that while we were not opposed to the development, the technical feasibility had to be determined more specifically by the two ministries I have just mentioned.

To my understanding, the draft plan was revised twice to acknowledge the concerns of the two ministries. After a careful review of all comments received, the staff recommended a 30-lot proposal for draft approval, subject to several conditions. That was on February 9, 1979. On January 1, 1980, Proudfoot became part of Kearney and the staff obtained comments from the new town and asked them to address themselves to the particular draft approval.

They offered some amendments to the conditions of the draft approval as granted, and these came forward on August 7, 1981. The main one was to require subdivision agreement on a zoning bylaw for the site. The subdivision has not, and I underline the word "not," been given final approval and registered because the applicant has not signed a subdivision agreement nor fulfilled any other conditions of the approval.

I would like to draw your attention to the draft approval which lapses on February 9, 1982. The comments made to the ministry would indicate, Mr. Philip, that the municipality is not likely—and I have to caution you that it is not likely—to support an extension to the draft approval if the conditions are not satisfied by the lapsing date, which I have indicated is February 9 of the coming year.

Two or three cottagers in the area have been in touch with the ministry, and we have expressed to them the very views and background material that I am giving to you this morning. One was Mr. Drake and the other was Mr. Brommecker. They have indicated their concerns for the impact on the lake and we have also indicated to them that there has been a careful assessment made by the Ministry of the Environment and the Ministry of Natural Resources.

10:30 a.m.

I do not think I have a great deal more to add other than that we look to February 9 to see what will transpire on that application. If there are reasons to believe assessments of the situa-

tion by the Ministry of the Environment and the Ministry of Natural Resources were not conducted properly or did not take into account some other things, I would be glad to ask the ministers of those two operations to review their files.

Mr. Philip: That being the case, there may be more public hearings and input at that time.

Hon. Mr. Bennett: I make no commitment to that. I would say we will do a review.

Mr. Philip: We look forward to February then.

Hon. Mr. Bennett: It appears somebody has to make a decision by that date.

Mr. Philip: Right now the onus is on the developer.

Hon. Mr. Bennett: The onus is on him to meet the conditions brought forward in August of this past year. There were amendments to the original draft approval and, as I have indicated, one is subdivision and the other is some other conditions within the development of the subdivision. I can only gather he is unable to meet them either physically or financially, I am not sure which.

Mr. Philip: May I ask one other question on the property standards? I recognize it is unfair to ask the minister to look at an act cold, but would the minister be willing to come back and compare, for example, the powers of the city of Toronto under the City of Toronto Act with those the boroughs would have under section 31 of the proposed planning act, and then tell us whether he feels the powers Toronto now has should be exercised in some way by those municipalities?

Hon. Mr. Bennett: We would be glad to do that, save and except, as Mr. Epp and Mr. Smith know, at this very moment the people in the ministry are sitting with representatives of the Liberal caucus reviewing the new Planning Act and answering specific and general questions relating to the importance of the act.

That same offer has been made to the caucus of the New Democratic Party and I would trust, Mr. Philip, that when our people come forward, whether it be for one or two sessions or whatever period of time you require, questions of the nature you are asking today can be asked of them. They can get into the entire legal details and background and bring with them the Toronto bill you speak of for comparison. I cannot do it today.

Mr. Philip: We are quite prepared to do that. Ms. Bryden and I will do that. It is just that I was looking more for a policy statement and it is not fair to ask public servants to make what amounts to policy opinions.

Hon. Mr. Bennett: That was not what you were asking. I thought you were asking for a comparison; that was what I interpreted it to be.

Mr. Philip: Yes. I was also asking whether the minister felt other municipalities should have the same kind of authority and clout for their bylaw enforcement officers.

Hon. Mr. Bennett: What we are really saying is that under our act everyone has the same. If you wish to go a step further, as I have already indicated this morning, whether it be under this act or under the building code, it is the decision of the municipality, but one cannot go below the minimum requirement of the province.

Mr. Philip: May I ask you, Mr. Chairman, when we will be likely to deal with the Ontario Housing Corporation vote, because I have a number of questions under that? There is the problem that I have the Ministry of Consumer and Commercial Relations. Will that be scheduled for this afternoon?

Mr. Chairman: We have seven different votes to deal with in less than five hours. I suppose the proper thing to do would be to divide the time equally among the seven different votes. Of course there are numerous items under each one.

Mr. Philip: Mr. Epp and I spent a great deal of time on a committee that prepared a report. I am sure Mr. Epp would agree that we want some time set aside to review what has been done on implementing any of that report.

Mr. Chairman: My suggestion would be that we devote roughly 45 minutes per vote. If you feel one requires more time than another, we can divide it up accordingly, but we must get through all these estimates today.

Mr. Smith: With respect, Mr. Chairman, I do not think we should set any arbitrary amount of time for any given portion of this. For all we know, legal services or audit services may not require that much. There may be a lot of interest in Ontario Housing. I expect there is. All of us realize we have a limited amount of time. We have to keep in mind we have quite a number of things to cover. I do not think we

should start setting limits per vote because the votes are not equal in the amount of financing or in importance to the people.

Mr. Chairman: It is okay if you want to go that way.

Mr. Smith: We are intelligent people. We all want to discuss the same things, I suspect.

Mr. Chairman: Just keep in mind Mr. Philip owes you a favour. He went first.

Ms. Bryden: Mr. Chairman, there are certain votes for which we should perhaps set a definite time to start, because there is a danger we will not get to some of them. I would like to move that vote 2202 come first this afternoon. That is community planning. After an hour of that, vote 2204 should be dealt with.

Mr. Chairman: We just had a consensus on how we were going to go through this.

Mr. Epp: Mr. Chairman, we have already accommodated Mr. Philip and I was pleased to do that, but if we are going to start setting time limits and juggling the votes, we are not going to get much done. We are going to spend all our time on procedures rather than—

Mr. Chairman: I tend to agree. We just agreed generally that we will go along as best we can because we realize some are going to take more time.

Ms. Bryden: Perhaps at 12:30 p.m. or whenever we break, we could look at the situation again and maybe set a time then.

Mr. Chairman: Fair enough. We will see what we have done at that point.

Mr. Epp: I am not opposed to that.

I want to draw the minister's attention to a memorandum that went out on January 22, 1981, to all the publications staff from a Mr. John Franke:

"Before we get into this, let me stress that this applies to some of you not at all, others to some degree, and still others to a large degree. Again, we have been slipping into some very poor practices and these include frequent absences due to 'illness,' lateness (for some sometimes, for others regularly), leaving early, long lunches, long and/or frequent personal phone calls, long social visits, lengthy reading of newspapers, magazines, et cetera"—

Mr. Smith: Sounds like a press gallery.

Mr. Epp: "The results affect the entire branch, including lower morale, sloppy attitudes and, simply, work not being done on time or at all. There are, of course, certain things managers can do other than write notes like this

one to combat the above. Before we are forced to take any such action, I think it would be a lot easier for everyone to simply pull up their socks"—provided they are wearing some—"or whatever and put in a day's work in return for a day's pay.

"After all, how would you feel if your employer shortchanged you by \$50 next pay day? It is not fair if you shortchange our branch and our ministry, and it is not fair to the people you work with."

I was wondering how widespread this practice is in your ministry. I know it is in the publications staff. Since it is there, what has been done to correct the problem he speaks of?

Mr. Brandt: Do you want a show of hands from those who are here?

Mr. Smith: I heard that was the hardest-working group in the ministry.

Mr. Philip: Have you been tutored by Morley Kells, by any chance?

Hon. Mr. Bennett: I am not aware of the memo. Obviously, not all the internal memos get to the minister's desk or I would be doing nothing but sitting and reading memos and other documents that come to the ministry.

Mr. Epp: That is what you were telling me you were doing anyway.

Hon. Mr. Bennett: Let me say, Mr. Epp, I try to keep a pretty careful eye on what goes out that the minister should be held accountable for. I appreciate your raising this issue and I will take note of it. In my travels around the ministry, I have found I have an extremely competent and hard-working staff.

10:40 a.m.

I would be foolish if I said there are no areas where some improvements can be made. I take that to be the responsibility of a group that starts with personnel people down through the executive director to the director of the individual operations within the ministry. They have a challenge to make sure the production coming from their areas meets the demands of both the public and the ministry. I admit until today I was not aware such a memo had been flying around in the communications division. It might be worth while for the minister to take an extra half hour to go upstairs and find out why.

Mr. Epp: Would you also find out if anyone has been docked \$50 a day or something for having excessively long breaks or whatever?

Hon. Mr. Bennett: I will find out whether there has been any action taken. I do not intend

to make it public other than in a very general way. That is the way we deal with personnel. I think it is a private matter. This is one of the areas we agree on.

Mr. Epp: I understand that. You would not want to get into specifics. Perhaps we could be informed if there were three people, 10 people or whatever.

Hon. Mr. Bennett: Yes.

Mr. Epp: I have another one. In looking at page 54 of your briefing book at the amount of money you have allotted for various things, for Housing Ontario magazine it is \$75,000, and then for publications and publicity, \$115,000. Is this an increase over last year? I am wondering what the publicity is for. Is it for polls such as Gallup polls?

Hon. Mr. Bennett: It could be for polls, which we have indicated the cost of when we had them. We have been involved in a few conferences, various federal and provincial ones. We participated in a conference not so long ago, 2001, which will be under another heading. Mr. Adams, would you give Mr. Epp and the members of the committee a more detailed breakdown of the \$115,000 we have in publications and publicity?

Mr. Adams: Publications and publicity cover a wide area. There are publications. We put out brochures. There are program outlines and related activities.

Hon. Mr. Bennett: Do you have anything specific in mind, Mr. Epp?

Mr. Epp: No, I just wondered whether that is an increase over last year.

Mr. Adams: I believe it is. I would have to check.

Mr. Epp: Substantial?

Mr. Adams: We may have realigned some components and put some into that category. I will check on that for you.

Mr. Epp: What is this "special information services for Townsend, visual identity."

Hon. Mr. Bennett: You will recall we set up a sales office down in Townsend. I would not snicker, Mr. Smith. I think it has—

Mr. Smith: I do it to keep from crying. Fifty-six million dollars and you have 26 families.

Hon. Mr. Bennett: No, we have not. It would be well if you brought yourself up to date.

Mr. Smith: Oh, you have got somebody else with your 14 per cent money. How many do you have there now?

Hon. Mr. Bennett: I will come to that vote this afternoon or whenever we come to it. I will be glad to answer the question for you.

The visual presentation is exactly that: like any other sales agency we design and develop a visual presentation to make potential customers aware of not only what we are doing at this moment but what the long-range projection has to be. It's not any different from what you would find Cadillac Fairview or anybody else doing in a new subdivision or development they happen to open. It's a sales tool.

Mr. Epp: You indicate you are going to spend \$50,000 for visual identity, the Ontario Renews logo. How much would you spend for your logo?

Hon. Mr. Bennett: The actual logo itself?

Mr. Epp: Yes. I suppose you tendered it out or got some Conservative public relations agency to design it.

Hon. Mr. Bennett: We get our PR agency, but they're not always Conservative. Some of the men work for other political causes in this country as well, I am told, which does not offend me. Cross-referencing sometimes does a world of good for us.

Mr. Epp: They single it out here, so I am just wondering what it cost you to have it designed and—

Mr. Dillon: Mr. Chairman, the director indicates the art work and so forth for the Ontario Renews logo was done internally, the total cost being what—about \$5,000?

Mr. Adams: We engaged an outside consultant.

Mr. Dillon: I'm sorry. We did engage an outside consultant, and it was \$5,000.

Mr. Epp: For designing a logo. The city of Waterloo just got one recently for their one hundred and twenty-fifth anniversary, and they had it done free by students at Conestoga College.

Mr. Chairman: Was it a competition?

Mr. Epp: It was a competition among the students.

Hon. Mr. Bennett: I guess it would be fair to say that, over the province in the last while, a number of logos have been designed for various things. Some people pay more: some pay less. Some pay awards and a prize.

Mr. Epp: There are so many art students around in Ryerson and Sheridan College and different community colleges and universities—I'm sure they would be interested in competing

for a design. Just by giving them a small incentive you could get a lot of them doing something they felt was very practical, very worth while and very competitive. At the same time you could save yourself a lot of money. To pay \$5,000 for something of this nature, I think, is throwing your money away. I'm not evaluating the logo itself. All I'm saying is that to get something very similar, maybe even better, I'm sure you could have held competitions in some of the schools and you would have saved yourselves a lot of money. I'm sure you wouldn't be opposed to letting the students—

Hon. Mr. Bennett: No, we wouldn't be opposed to them. I suppose we can sit and discuss whether it should be done this way or that way. But keep in mind also that when you get into a competition a fair number of personnel—that is, your staff—have to be involved in making sure it's done properly.

Mr. Epp: Oh sure, but—

Hon. Mr. Bennett: That sometimes becomes a very heavy cost. It's hidden because it's just part of the overall function, but it's taking somebody away from another job. But your suggestion, certainly, is valid.

Mr. Epp: You wouldn't necessarily have to open it up to 50,000 people in Ontario. You could open it up to one school, one art class or something of this nature.

Mr. Dillon: I think your point, as the minister said, is valid. In this case though we had two problems. One was with Management Board, which jealously guards the provincial logo. This was a modification of the provincial logo similar to the Energy Ontario one. That was one factor where we were kind of locked in. The other was a time factor, as I recall: we were trying to get this Ontario Renews program going. So there were those two factors. However, the point is valid, and we will take it under consideration any time it comes up again.

Mr. Wildman: Mr. Chairman, I would like to raise with the minister some concerns about a problem in my riding as it relates to his responsibility in municipal affairs. I also have another matter that relates to analysis and planning, but I'm not certain exactly how to go about this.

I have had some discussions with officials of the ministry concerning the township of Wicksteed in my riding—Hornepayne—where,

as the minister knows, a major development has taken place that involves a large number of other ministries of the government.

10:50 a.m.

Hon. Mr. Bennett: Correct.

Mr. Epp: Mr. Chairman, just on a point of order: Is this on vote 2101?

Mr. Chairman: Vote 2201.

Mr. Wildman: It relates to a number of other ministries, so I don't know how—

Mr. Chairman: You are suggesting that it is more under administration than anything else. Is that right?

Mr. Wildman: There is a matter that specifically relates to municipal affairs, but the project in question involves about 10 government ministries. I don't know, but I would think the work related to this project would be done in the main office. If the minister wants to give other direction—

Hon. Mr. Bennett: Not knowing all the substance of your question, I would think—

Mr. Wildman: I am not going to be obstreperous or cause a problem here.

Hon. Mr. Bennett: I think it would more than likely come under the municipal vote, which is vote 603 at the back of our book. The complications I think you are referring to in Hornepayne concerning the Ministry of Intergovernmental Affairs and their connection in bringing people together for the development were when municipal affairs was in Intergovernmental Affairs.

Mr. Wildman: That's right. Well, I will raise it there. I will only say now that a meeting is planned for this Friday in Sault Ste. Marie between your staff, officials of the Ministry of Northern Affairs and members of the council of the township of Wicksteed. I have a petition here that was submitted to me with the request that I submit it to you. It asks that your staff carry out an investigation of the affairs of the municipality. I won't take up the time of the committee to deal with it here, but I will submit it to you so you have it before your meeting on Friday.

Hon. Mr. Bennett: We do get a number, and I have to admit I am rather surprised at the number of letters we get constantly under the municipal affairs wing. People believe that a full investigation should be done of XYZ council, and it takes a fair amount of the ministry staff's time to go in and do a fairly complete review. I am pleased to say that in a great number of cases it doesn't really necessitate a full-blown investigation, at least not from our point of view.

I would say that while Mr. Wildman and I or the taxpayers in that community might not agree with a number of the decisions made by council—he and I being Mr. and Mrs. So-and-So—the fact is that most of them are made with a majority vote of council sufficient to carry the day, and I find it very difficult to start going in there and saying that because they voted a majority and somebody didn't like it we should now have a full investigation. But I will be glad to look at their request.

Mr. Wildman: The minister will probably be aware that his staff in the Sudbury office have been involved in trying to advise and straighten out some difficult matters in the municipality over the last year or so.

Hon. Mr. Bennett: Yes.

Mr. Wildman: I want to make clear that I'm not personally aware of the reasons for this petition, but it is signed by a large number of people. What it indicates to me is a serious division on council that relates to a major project that involves 10 ministries of the provincial government as well as the federal government. I hope that whatever matters can be dealt with at the meeting on Friday can lead to a better working relationship among the councillors, and between the council and provincial officials, so we can finally resolve the signing of the leases for the town centre project. Again, I won't go on at length on that. I will wait until the vote in question.

The other matter I had under 2201 relates to the decision on whether to go through the Ontario Municipal Board for an expansion or annexation of a municipality or whether to introduce a bill in the Legislature. I'd like to know what criteria the minister uses to determine which is the better route to go when an annexation is contemplated or when there's a decision to expand a municipality.

I know your ministry staff have carried out a number of studies on a number of expansions in northern Ontario and on a number of possible annexations in northern Ontario, many of them cases concerning an organized municipality taking over unorganized territory. That is a ministerial decision, and I would like to know how you decide whether to go through the channel of hearings before the OMB or whether to introduce legislation.

Hon. Mr. Bennett: This comes under municipal affairs, I guess, but I would be pleased to answer it now if that's the wish of the committee. The fact remains that the minister, along

with his staff, has on every occasion tried to negotiate with the two parties, or three or more, whatever the number, to find some rationale for what is being done or what we are asked to do.

Mr. Wildman: In relation to this I would just like to commend your staff on the work they do with the local communities. I think they work very hard with them.

Hon. Mr. Bennett: Now we proceed down the road and we come to a point where my staff and I believe the annexation is in the best interest and we can find no compatibility between them. At that point the minister has to make a decision on whether he will just rule it out or whether he will send it on for a hearing.

If he believes it is of sufficient importance, of course, he can do it the other way and bring in a bill. We have been reluctant to do that if we could not find some acceptance out there, because forcing them together usually turns out to be a less than acceptable situation for the next five or 10 years. Over a period of time, from what I have known, it kind of smooths itself out, but in the initial years it's very difficult.

Mr. Wildman: Okay. I'll leave that until we get to the municipal vote, then.

Hon. Mr. Bennett: I take it you realize the act which is now before the House will deal with boundary lines. It was up for discussion yesterday afternoon, and it appears to have some degree of acceptance. Most think that while it may not be perfect it certainly goes a long way towards trying to resolve some of the harshness that has prevailed between municipalities.

Mr. Brandt: I have just an observation, Mr. Chairman. Some of the ministry estimates have included percentage increases or decreases as part of the budget. It would be helpful if this budget were set up in a similar fashion, and I was wondering if that couldn't be done in the future. Perhaps you could tell us why it wasn't done. When you're following line by line, as Mr. Epp was earlier, it is difficult to take the numbers from last year and correlate them with what's expected by way of acceptance this year.

The second question I had concerned the warrants throughout the budget, but I can specifically speak to 2201. In a lot of the ministry estimates the 1981-82 estimates are reduced rather substantially when you look at the net amount. The gross amount, however, is much larger; before figuring in the warrant. Could you tell me where those warrants are coming from? There are a large number of them throughout the housing estimates budget and

they amount to many millions of dollars. They effectively reduce the end figure, the net number that your ministry is asking for, but the warrants are a little difficult to follow.

Hon. Mr. Bennett: They reduce the amount that's being asked for in this budget vote; they do not reduce the amount of the overall expenditure of the ministry.

Mr. Brandt: That's right.

Hon. Mr. Bennett: The warrants that, if I interpret correctly, were issued prior to March 19.

Mr. Epp: I could have given you that date for the election.

11 a.m.

Hon. Mr. Bennett: Could you?

Mr. Smith: Reality day.

Mr. Brandt: In effect the result of it, in this budget, is that instead of a bottom line amount to be voted of \$13.1 million, with a warrant of \$2.7 million—

Hon. Mr. Bennett: You reduce your vote.

Mr. Brandt: —you reduce it to \$10.4 million. The question I am asking is not only relating to this budget. Perhaps in the interests of saving time, in the other budgeted numbers there are even larger warrant amounts that come forward. I am wondering where they come from, where that total number is shown, so I can follow it totally in the budget. I have not been able to find that. It is not a small number. It is a very significant—

Mr. Kristoffy: It is \$42 million.

Hon. Mr. Bennett: Yes, that is special warrants. Do you want to give us a breakdown, just quickly, of the \$42 million.

Mr. Kristoffy: The \$42 million relates to a sum of money required essentially to run the ministry between the time the new fiscal year started and the House reconvened after the election. In other words, without that warrant there would not have been money essentially to run the ministry operations.

Mr. Brandt: For budgeting purposes where does that money then fit in, to the 1980-81 total?

Mr. Kristoffy: That is part of the 1980-81 total. For example, on page one of your book, the total of \$308 million is for the total ministry, of which \$42 million is special warrants. This was an estimate made at the time that would be sufficient to carry the operations of the ministry, until such time as the House reconvened and certain moneys could be voted for the actual operation of the ministry.

This is only a special case because of the timing of the election and the timing of the House sitting. There was a period of time in there, let us say between April 1, 1981 and when the House reconvened sometime in May, when certain moneys were required just to run the ministry. Those were estimates made at the time that were required to run the ministry for that period.

Mr. Brandt: All right. In the 1980-81 estimates, where does that number show up? Can you follow with \$42 million through the previous year. That is where you indicated the actual money would have to be raised or out of that budget.

Mr. Kristoffy: No, the \$42 million is part of the total 1981-82 estimates. So let us say for the ministry of housing part, the estimates were \$308 million. Of that, \$42 million was special warrants. So that leaves \$266 million to be voted on. The \$42 million is part of the ministry's 1981-82 estimates.

Mr. Brandt: But in effect already has been voted on.

Mr. Smith: It is distributed through all the other items.

Mr. Kristoffy: It is distributed through all the other items and they are indicated on each vote. A proportion of that \$42 million allocated to each vote is indicated on the respective summary pages that relate to the particular vote.

Hon. Mr. Bennett: To answer your question, the 1980-81 estimates were carried, so the allocation of funding already had approval. That would have covered us up to the end of March. Starting on April 1, for the period in which the House was not convened, the \$42 million is a figure that came by warrant.

Mr. Brandt: Another question: The statutory appropriations, could you identify those? What are they? It is a relatively small number but it does show up fairly consistently through the previous years' budgets.

Hon. Mr. Bennett: The minister's salary.

Mr. Brandt: That is a recapitulation of numbers, the minister's salary and the parliamentary assistant. Okay; thank you.

Ms. Bryden: A supplementary on that, Mr. Chairman: I appreciate Mr. Brandt's concern about that \$42 million that we do not vote. I think it is something we should know as much about as possible. I understand special warrants are required when the House does meet again,

but I think there should be a breakdown in the estimates book of where that \$42 million is allocated, to which votes and which subvotes.

Mr. Chairman: Ms. Bryden, I believe it is under each vote. On the one we are on now, administration, it is \$2,723,000.

Ms. Bryden: Where is that, Mr. Chairman?

Mr. Chairman: In the left-hand column, the 1981-82 column.

Ms. Bryden: Yes, I see \$2.7 million—but it does not tell me what that amount was spent for. That is what I would like to know. It does not break it down among the subvotes. There is no statement of that. We really only have a lump-sum figure for each major vote without any breakdown with what was spent.

Mr. Smith: If I may help in this, I do not know how the ministry could break it down further. They are saying they were without financial means essentially for a period of maybe five or six weeks. Therefore they made an estimate of what it was going to cost to run the ministry over that time. Then they sort of distributed that estimate over the votes in a reasonable manner. I do not think they would be able to tell us exactly which item was paid for before they did not need to use warrants anymore.

I do not have any trouble with that, Ms. Bryden, but I understand your concern. If the amount of warrants was way out of line, let us say for five or six weeks half a year's budget was in there, then I would be very upset. But I do not think they have done that. I do not know how they could break it down item by item. I think it would be very difficult for them.

Ms. Bryden: Mr. Chairman, \$42 million is almost a sixth of the total budget of \$308 million. I think the money when it is spent would have been allocated to individual votes. I think that could have been reported as part of the estimates book that was given to us, so we would then know what had been spent of that \$42 million and where it was spent.

Hon. Mr. Bennett: Ms. Bryden, I am not an accountant but my staff gave me the same explanation offered by Dr. Smith. It is exactly right. It is taken as a percentage of the overall annual requirements to run the ministry, put into a warrant in anticipation that it will be sufficient before the government comes back in and is able to vote moneys for it.

I think \$42 million is less than 15 per cent of the budget. If you take 10 per cent of \$308 million, it is \$30.5 million, add another \$15

million and it gives you \$45 million. We are talking about \$42 million, so you are talking about 12.5 per cent.

Ms. Bryden: Has the money not been spent by the time the House meets again?

Hon. Mr. Bennett: Some of it would; not all of it.

Ms. Bryden: Most of it.

Hon. Mr. Bennett: Just because they happen to get a warrant of \$42 million does not mean they can spend \$42 million. It is a matter of sufficient funding to keep the government moving—payroll, bills and accounts that are due and payable are honoured.

Ms. Bryden: Except we do not vote that amount. Presumably we should have an accounting here of what that has been spent on because it is not in the amounts we do vote.

Hon. Mr. Bennett: You can say the \$42 million relates itself back to all of the previous expenditures and a portion thereof was covered under the \$42 million. To try and break it down, I think, Mr. Chairman, is getting ourselves into a situation that does not really mean a darn thing in the final analysis because we are still looking at—

Mr. Dillon: Mr. Chairman, if you could look at page 12 where the breakdown for vote 2201 is, you see the total for the vote is \$13,171,000. Those activities listed there are subject to examination now. It is the total program. At the bottom it indicates that of the \$13 million which we are being examined on now, \$2,723,000 has already been covered by a warrant and it remains to vote the rest.

It is not a question of having taken anything out.

Mr. Chairman: It is fairly understandable. Ms. Bryden, do you have another question now?

Ms. Bryden: Yes, I have, Mr. Chairman. It is regarding the affirmative action program of the ministry. I assume they have an affirmative action program?

11:10 a.m.

Hon. Mr. Bennett: Yes.

Ms. Bryden: But the reports under the women crown employees office show that there still is a large gap between the earnings of male and female workers in most ministries, including this ministry, and that the women tend to be in the lower-paying jobs.

I would like to ask the minister if he has a full-time women's adviser who is working on affirmative action? Has he set forth any target

for affirmative action in order to increase the number of women in middle management and senior jobs in the ministry? Can he report any progress from the last report of the women crown employees section on raising the number of women in senior level jobs, and what kind of training opportunities are there for women to move from clerical into higher administrative jobs?

Hon. Mr. Bennett: My deputy, who has been in charge of that area of the ministry, will speak.

Mr. Dillon: Mr. Chairman, it is one of my special jobs in the ministry to take personal responsibility for this program in that the manager of the program, who incidentally is full-time, reports to me.

The program results for 1980-81 are indicated on page 22. We think they are good. As a matter of fact, our impression is that this ministry is in the vanguard and is doing as good a job as, or better than, other ministries in the government. We do have management by results. We have specific goals to be reached. We recognize they are difficult to achieve. We recognize the total progress seems small in light of the effort, but we are making progress.

As you can see on page 22, representation by females in the administrative module did increase to 34.9 per cent from 20 per cent. Women's representation in the professional module rose from 14 per cent to 16.7 per cent. I will not go on with the rest of the figures except to say we are working hard at this.

My personal goal is to integrate a concern for affirmative action into the work plan of every manager in the ministry, so that I am confident we are doing everything we can in this area.

Ms. Bryden: I notice the deputy did not carry on reading the figures where it came to say, "On average women earn 61.8 per cent of men's salaries in 1981, an increase of 1.3 per cent from a year ago." That is very minimal progress in that area, and I think this indicates a need for helping women to move into higher-earning positions. There seems to have been some progress in that, as far as the administrative and professional module goes, but there still is a very large wage gap between female and male employees in the ministry.

Mr. Dillon: I accept that, Mr. Chairman. There is. We recognize that and we are working to close that gap.

Ms. Bryden: Have you looked at the situation in municipal affairs which you have now taken over? Is the same women's adviser having to

take on the additional role of handling affirmative action in the municipal affairs section or have you taken over another women's adviser for that section?

Mr. Dillon: No, the manager of the program is now managing the total program. I have had positive reports. I attended the municipal affairs wing management committee meeting less than a month ago with the women's program manager. She received a good reception from the directors in the wing, and she tells me she has had a good response in her contact with the women staff in the wing. I see the assistant deputy minister, municipal affairs, is nodding his approval.

Ms. Bryden: I am not clear. Is the same person who was handling affirmative action in housing now handling it in municipal affairs?

Mr. Dillon: Yes, it is one ministry and the same manager is handling the program, although now there will be additional women on the advisory committee in that wing. There is one manager for the whole ministry who covers all wings instead of just the wings that were in housing before.

Ms. Bryden: Is that not a greatly increased work load for the manager? I do not know whether there was one in the Ministry of Intergovernmental Affairs.

Mr. Dillon: I think it is just a question now of Mrs. Fitzgerald having another wing to be responsible for, but she has a lot of people working in that wing to make the program effective. It is a matter of co-ordination. There is a slight increase but I do not regard it as serious.

Ms. Bryden: I assume you will have staff under Mrs. Fitzgerald to assist in this work. I hope the next report from the women crown employees branch will indicate much greater progress in closing this wage gap and increasing the number of women in the administrative and professional modules.

Mr. Dillon: As I say, we continue to work at this. One difficulty ministries have is that when women receive promotions that take them outside the ministry, the results do not reflect to the credit of that ministry. That is one of the problems we have, and I can tell you we have had a number of women leave the Ministry of Housing. Mrs. Santo, for one, is now with the Ontario Municipal Board and a number of others have senior positions in government. This ministry is the one that really got them

started. The government as a whole is moving ahead perhaps to a greater degree than would be reflected in the figures in our ministry.

Ms. Bryden: I hope when you replace those people who move on—

Mr. Dillon: Sure, we are doing that.

Ms. Bryden: —women are getting fair consideration as far as those replacement positions are concerned.

Mr. Chairman: I have no further speakers. Are you ready to vote on vote 2201?

Vote 2201 agreed to.

On vote 2202, community planning program:

Mr. Smith: In vote 2202 is included the program of the ministry by which it tries to regulate land use in the development of harmonious relationships between the various land users, the various communities in the orderly growth of Ontario. I have some questions related to the recent decisions that were taken with regard to Vaughan township. I do not intend to go over old questions the minister and I have had previous occasion to discuss in the Legislature, but rather to raise a number of additional questions to get clarification.

11:20 a.m.

The minister will remember we in the opposition were having great difficulty trying to determine why the Minister of Agriculture and Food (Mr. Henderson), when an item was already sent quite properly by the Minister of Housing to the Ontario Municipal Board for a decision, would have in the middle of the whole thing done something unprecedented. This was to send his parliamentary assistant personally to examine the land, which had already been the subject of considerable discussion within Agriculture and Food and Housing as well as interim ministerial memos about a year or two earlier.

We have a lot of difficulty understanding how that happened. In trying to trace the events which led Mr. Henderson to send Mr. McNeil to investigate these lands personally, even though the matter was already in the hands of the Ontario Municipal Board, you will recall we were given a number of somewhat contradictory answers by Mr. Henderson, some of which suggested that Mr. Bennett himself, the minister who is here today, had called to initiate this whole procedure of sending out someone to look at the land, even though the matter was already in front of the OMB.

The minister, after first thinking reference was being made to intervention earlier for

clarification from Agriculture and Food, initially agreed he had perhaps initiated this series of events. When it was pointed out to him that Mr. Henderson was not the minister at the time the matter was already sent to the OMB, the Minister of Housing then said he did not do anything in terms of arranging for further investigation by Agriculture and Food. However it then transpired that Mr. Hodgson, the member for York North, claimed he was the one who had sent the agriculture minister into this odd series of events.

Mr. Bennett, the minister, assured us that, if Mr. Hodgson did do that, he did so as a private member and not as parliamentary assistant to the minister which he was at that time. Mr. Hodgson, in alleging he made the phone call—it is by no means established he ever did—also alleges he made it as a private member and not as parliamentary assistant to the Minister of Housing.

I think I have recapitulated the facts accurately to this point. I do not think the minister has any quarrels. He is nodding his head. The minister will understand we would like some assistance to know what happened within his ministry after the matter was sent to the OMB. There seem to be some interesting questions that need answering from our point of view.

I would like to question the minister now that he has had a chance to reflect on the matter. This will be a very brief question and I am sure he can answer me simply now that he has had a chance to think about it. After the matter was sent to the OMB, does the minister now recall having called either Mr. Henderson or Mary Smiley, Mr. Henderson's assistant, on the Vaughan lands matter?

Hon. Mr. Bennett: No.

Mr. Smith: Has there ever been a time you have ever, at any time, spoken personally to Mary Smiley on this matter?

Hon. Mr. Bennett: Not to the best of my knowledge.

Mr. Smith: With regard to the matter of Mr. Hodgson's call, I think you stated at the time you did not know that call had been made and you assume if he made it, he made it as a private member. Perhaps you are not aware that Miss Smiley alleges she received a call from Mr. Hodgson and immediately took action which resulted about a week later in Mr. McNeil visiting the site allegedly at her recommendation. She says she got a call from the Ministry of

Housing and that she assumed Mr. Hodgson was speaking as the parliamentary assistant. Did you see her testimony in this regard?

Hon. Mr. Bennett: I did.

Mr. Smith: Can you understand why she would have thought Mr. Hodgson was speaking as the parliamentary assistant—if indeed Mr. Hodgson spoke to her at all, which I have some serious doubts about? If he ever did, why would she think he was calling as parliamentary assistant? Do you have any idea?

Hon. Mr. Bennett: I suppose if a parliamentary assistant from any ministry was calling another ministry and was not identified as being the parliamentary assistant or the private member—let us put it as the private member—one would likely come to the position of thinking the call was made as the parliamentary assistant. I am not privy to the thoughts of either party involved here.

Mr. Smith: That is fair. I can understand your situation on that.

When Mr. Hodgson said he had made the call, he made reference to having met with Mr. Bottero, one of the leading developers, and Mr. John Dewer, who was acting for the developers. Mr. Dewer, as you may know, was formerly the planning commissioner in Vaughan. He left that job rather quickly and became active for the developers.

Did you know such a meeting was going on in Mr. Hodgson's office in your ministry, between Mr. Hodgson and these people from his constituency, Mr. Dewer and Mr. Bottero? Did any members of your staff attend such a meeting?

Hon. Mr. Bennett: First of all, as to whether I am aware there was a meeting going on, no; no more than I am aware of a lot of other meetings going on with my parliamentary assistant and people from his constituency. Nor do I really believe it is always my business to know whom he was meeting with.

Second, yes—the answer is positive that Mr. Farrow, the new assistant deputy minister, was in attendance.

Mr. Smith: Do you know the date of that meeting, Mr. Minister?

Hon. Mr. Bennett: I will ask Mr. Farrow if he has it. I certainly do not.

Mr. Farrow: It is here, but I do not have it at my fingertips.

Mr. Smith: I would be willing to wait a moment while you bring it to your fingertips, Mr. Farrow, if you do not mind.

While Mr. Farrow is checking that for us, Mr. Minister, perhaps I could ask you another question. You will remember receiving a letter of March 9, 1980, withdrawing the objection of the Minister of Agriculture and Food. I recall that letter was sent to your ministry addressed to you, March 9, 1980, while the matter was already in front of the OMB. That letter is in your files. Were you not shocked to receive that letter since, as far as you knew, the matter was in front of the OMB? What was the Minister of Agriculture and Food, out of a clear blue sky, writing you a letter about?

Hon. Mr. Bennett: So we do not get hung up on this one situation, because Mr. Smith is asking a question that relates to policy practices relating to hearings before the OMB, I receive letters on a number of occasions from various people who withdraw certain reservations they have had in relation to some cases that are with the OMB.

Mr. Smith: The Minister of Agriculture and Food?

Hon. Mr. Bennett: I have had cases where there has been an expression of opinion, a reservation, by ministers on certain developments and when clarification—indeed, sometimes municipalities will put in a reservation on a particular development, then when it has gone to the OMB they will write to me to say the situation has now been clarified, cleared up or there have been enough negotiations between themselves and whoever else to resolve whatever hangup or difference of opinion there was.

Mr. Smith: Mr. Bennett, have you ever before received a letter from the Minister of Agriculture and Food withdrawing objections when a matter had already been clarified plainly and sent to the OMB?

Hon. Mr. Bennett: You ask me a good question, one I would hate to answer yes or no. The volume of mail that goes through in relation to OMB cases is rather substantial.

Mr. Smith: You are saying you were not surprised when, in the middle of the OMB, no request having come from you, suddenly out of a clear blue sky you receive a letter. The matter had already been sent to the OMB about a year earlier or more than a year earlier, and suddenly Lorne Henderson writes you a letter saying, "I withdraw my objection," and you just shrug it off as an everyday occurrence of somebody expressing an opinion.

Hon. Mr. Bennett: It would not be mine to the degree you would like to—

Mr. Smith: What was your feeling when you received that letter?

Hon. Mr. Bennett: You are asking me about something that happened back in March 1980. I could not tell you what my personal reaction would be other than I received a letter that was from a minister indicating a position on a case that was before the OMB.

Mr. Smith: You do not recall what your feeling was?

Hon. Mr. Bennett: I must not have been startled. If I had, I likely would have—

Mr. Smith: There was also a letter which came in December and which further withdrew the objection in a way as to include Mr. Webb's lands or lands of Mr. Webb's clients. Do you remember the second letter?

Mr. Farrow: That was dealing with the 17(3) application. It was not part of the original—

Mr. Smith: It was not part of the original application. It said he withdrew his objection to that too. Do you remember the supplementary letter? This is one that came in December 1980; that found its way to the OMB. It was submitted in evidence and there was the stamp of Mr. Webb on that letter. Now the question is, since it was addressed to you, do you have your copy of that December letter?

11:30 a.m.

Mr. Farrow: What date was that again?

Mr. Smith: I believe that letter was dated December 2, 1980, from the Minister of Agriculture and Food. The letter had been drafted by Mr. Spencer of the Ministry of Agriculture and Food, and it withdrew the objections with regard to those additional lands that had not been part of the original proposal.

This is the letter that was submitted. It's addressed to Mr. Bennett, and it is dated December 2, 1980. You will see that it has the stamp of Davis, Webb and it comes from the Ontario Municipal Board file. It was submitted in evidence somehow, and I wonder if you have the original.

Mr. Farrow: We can check this out. We have here the file dealing with amendment 95. That would probably be on the section 17(3), to use that technical term, the application that was not part of the original application made by Vaughan.

Mr. Smith: I understand that, Mr. Farrow. I would be grateful to you if you would obtain the original and show it to us, because the interesting thing is that the copy which has been submitted to the OMB is in fact not a copy of the original with the crest of the ministry on it at all; it is a copy of a copy, and what it says here is,

"Original signed by Minister of Agriculture and Food." So what happened is that a copy of a letter addressed to the Honourable Claude Bennett was sent to someone, that copy has been submitted—either it or a photocopy of it—to the OMB and it seems to have passed at some point through the office of Davis, Webb in Brampton. Perhaps Mr. Webb submitted it in evidence, I don't know, but it would be interesting to know whether you ever got the original and, if you did, what happened to it. Perhaps you can tell us that.

Mr. Farrow: Well, we are going to check right now—

Mr. Smith: That's fine. I appreciate that. I understand that you might not have it with you.

Did you determine the date of the meeting, Mr. Farrow?

Mr. Farrow: I have not determined that yet.

Mr. Smith: Could I ask the minister this, and perhaps Mr. Farrow might want to help him with it: Was there more than one meeting between Mr. Farrow, Mr. Hodgson, Mr. Dewar and Mr. Bottero?

Mr. Farrow: I have a clear recollection of one. I would not want to deny that there were two. It was some time ago, and we meet with a lot of people over a period of time. There may well have been a second meeting.

Mr. Smith: Do you think there was a second meeting or not?

Mr. Farrow: Yes, I think there was a second meeting.

Mr. Smith: Oh.

Mr. Farrow: But I really can't—

Mr. Smith: Who would have been present at the second meeting?

Mr. Farrow: I would think virtually the same: the lawyers who were acting on behalf of the developer. Now, whether it was the first meeting or the second meeting I can't recall.

Mr. Smith: Have you made a note in your files about the first meeting and about the second meeting?

Mr. Farrow: No, I have not.

Mr. Smith: Do you not normally make a note in your files when you meet with a large group of this kind?

Mr. Farrow: Not always. I'm asked to go over to meetings when applications are under way by various members of various areas and various lawyers in my office and other offices to discuss

matters of how they are. Sometimes if anything of significance has arisen a note will be put on; if not, then—

Mr. Smith: All right. Could I ask you whether the two meetings you now say might have happened—you will be interested to know that Mr. Dewar says there was only one meeting with you—

Mr. Farrow: As I say, I have no specific recollection of more than one, but I wouldn't want to argue that there was not more than one.

Mr. Smith: If there happened to be more than one, would both meetings have been held after the matter was sent to the OMB or before it was sent to the OMB? You would surely recall whether you had had meetings once the ministry decided to send it to the OMB.

Mr. Farrow: No, sir. I think this is the point that has to be made clear. Our responsibility on an application, dealing with it, does not end once it has been referred to the Ontario Municipal Board. It's not as though the matter is sub judice and therefore nobody can get further involved with it. We have a responsibility to negotiate right up until the time of the hearing. Recently, as in applications in York or in Peel, we have actually been negotiating while the hearing was going on, and we had several matters withdrawn from the board before a decision had to be made because the municipality and the applicant were able to come to a negotiated settlement with our help or at least through our offices.

Mr. Smith: That's all very well, but I am saying that you would surely remember.

Mr. Farrow: Not necessarily. No, sir.

Mr. Smith: Oh.

Mr. Farrow: As I say, these belong—

Mr. Smith: You are being unresponsive, Mr. Farrow. Look, if you met with Mr. Hodgson—

Mr. Farrow: It is our responsibility to do as much as we can with the applicants, with the land owners and with the municipalities, and if there is anything we can negotiate—

Mr. Smith: And you wouldn't remember it.

Mr. Farrow: No, no. This is done on a continuing basis when things have been referred to the board. There is not anything unique about this in any way, shape or form.

Mr. Smith: Well, Mr. Dewar remembers only one meeting; Mr. Hodgson refers to one meeting. You are now inventing a possible second meeting; you are saying it might even have happened after the matter went to the board—

Mr. Farrow: No, sir. I didn't invent a meeting. I said to you in response to your question on whether there was a second meeting that I could not be sure that there was not a second meeting. You asked, "Is it possible that there could have been a second meeting?" and I said, "Yes, it is possible that there could have been a second meeting."

Mr. Smith: Okay, but you are also saying that after you had the first meeting there was extensive discussion in the Ministry of Housing about this matter. Clarification was sought back and forth. Do you remember that?

Mr. Farrow: Yes, sir.

Mr. Smith: A decision was made to put it to the OMB. If another meeting with you was then called by Mr. Dewer, Mr. Bottero and Mr. Hodgson after the minister had already made that decision, you would think that such a meeting would remain in your mind.

Mr. Farrow: No, sir.

Mr. Smith: And it has not remained in your mind.

Mr. Farrow: No, sir. It is as commonplace as any meeting that would take place in my office. The fact that something has been sent to the board is not a magic date which suddenly causes red flags to wave and causes us to embark on a special process one way or another. Our responsibility ends when the municipal board makes a decision. Any time up until it makes a decision the matter may be brought back or negotiations carried out and brought to the municipal board.

Mr. Smith: Mr. Dewer says there was only one meeting. I'll believe him.

Mr. Farrow: I will accept that there was one meeting.

Mr. Smith: Fine. Now, could we get the date of that one meeting, please?

Mr. Farrow: As I mentioned, I don't see it in this file.

Mr. Smith: All right. I have here a letter sent by Mr. Dewer to you.

Mr. Farrow: What date is the meeting on that?

Mr. Smith: Unfortunately, he didn't date it, but it's obvious from what he says, and I will read to you the first paragraph:

"Dear Mr. Farrow: As you know, I have tried

from time to time to contact you since our meeting in Mr. Hodgson's office in early November."

The implication of that plainly is that it's November 1978, if you will look at that.

Mr. Farrow: That letter we have.

Mr. Smith: Well, then the meeting presumably—

Mr. Brandt: Dr. Smith, could you please help me to identify who Mr. Dewer is?

Mr. Smith: Mr. Dewer worked for Vaughan for a while as their planning consultant. He then went to work for the developers in the Vaughan lands matter, I believe. His departure from the town of Vaughan's employ and his shifting to work for the developers was a matter of some interest in the local press, and a number of interesting allegations have been made and investigations have taken place. I don't want to say more than that it was a rather hasty leaving of one position into the employ of others. But he was the consultant to the developers at the time he met with Mr. Farrow and Mr. Hodgson.

11:40 a.m.

Mr. Farrow: I have this letter of John Dewer's.

Mr. Smith: Right. And you would agree that it refers to November 1978, right?

Mr. Farrow: Yes.

Mr. Smith: All right. So the meeting was held in November 1978. You remember that meeting. Basically there was a discussion about the lands and what actions you were going to take, and subsequent to that a decision was made to send the matter to the OMB. Is that correct?

Mr. Farrow: Subsequent to that a decision was made to send it to the OMB. I don't think it was necessarily based on what came out of this meeting.

Mr. Smith: I understand that. Of course, it was based on a number of other considerations, I'm sure. Can you remember who else was at the meeting?

Mr. Farrow: If my recollection is correct there was somebody representing the municipality at that meeting.

Mr. Smith: Yes. That's fine. There is somebody from the municipality. You don't remember the name of that person?

Mr. Farrow: No.

Mr. Smith: Maybe I could assist in this. Mr. Hodgson, when he spoke to the House, identified somebody at that time. Maybe this would refresh your memory and you could tell me if

that's the person you remember being at the meeting. He said that he met with Mr. Bottero, Mr. John Dewer and his lawyer, Mr. Ross Hitch, and Councillor David Fraser, who is chairman of the York regional planning committee. He also claims to have talked to Mayor Garnet Williams at some point. Do you know if it was any of those gentlemen?

Mr. Farrow: David Fraser may well have been at that meeting.

Mr. Smith: David Fraser. At that time he was chairman of the York regional planning committee. Of course, after the end of 1978 he was no longer in that position.

Do you know if Mr. Hodgson ever spoke to the agriculture minister at that time? After all, you met with them in November 1978. Did he ever speak to Bill Newman about these matters?

Mr. Farrow: I can't answer that, Dr. Smith.

Mr. Smith: Did you ever speak to Bill Newman?

Mr. Farrow: No, not to my recollection.

Mr. Smith: Did you speak to anyone on Newman's staff about that at the time?

Mr. Farrow: I do not recall.

Mr. Smith: Did you discuss the matter with Mr. Hodgson after the matter went to the OMB? Did you have discussions with him on the matter?

Mr. Farrow: I would think I did. Again, I can't give you any specifics or any idea, but it may well have been discussed, especially since the section 17(3) applications to enlarge the area came around. I quite likely spoke to him, but I have no recollection of any specific meeting.

Mr. Smith: Now, Mr. Farrow and Mr. Bennett: You understand that Mary Smiley— unfortunately, she was not put under oath— came here and said she received a phone call from Mr. Hodgson; then she called a couple of people, including Mr. Spencer in the Ministry of Agriculture and Food, and Mr. Farrow in the Ministry of Housing. Do you remember receiving that call from Mary Smiley?

Mr. Farrow: I don't recall a specific call dealing with that matter. Again, that's not to say I haven't, because I have spoken to Miss Smiley over the years on many matters and I may well have spoken to her on this one. If Mary had a note that she spoke to me, I would think she did speak to me.

Mr. Smith: She wrote a note, allegedly to the minister, allegedly written at the time, in which she said—and I am quoting now from the note:

"I had a call from Ministry of Housing"—she identified that later as Mr. Hodgson—"with regard to the matter of the Vaughan lands. OPA 95. I have been in touch with Mr. Spencer"—it gives his full title—"and Mr. Farrow"—it gives your full title—"and based on the information I have received I think it is a good idea to send Ronnie McNeil out to look at the lands." That's what she says in this memo she allegedly wrote at the time she received the alleged phone call from Mr. Hodgson.

Now, what did you tell her that might have led her to think she should send out Ronnie McNeil?

Mr. Farrow: Dr. Smith, with our role of trying to negotiate among various ministries, I think you and many people would recognize, Mr. Epp especially, that virtually no application that comes before us is not recommended by some agency or other to be approved.

As you know, we have a circulation process which requires applications to be sent to many ministries, many provincial agencies, many municipal agencies. It comes out that if applications are not on agricultural lands, they may be on aggregate lands or on environmentally sensitive lands such as watersheds or steep slopes, or they are under the flight path of an airport, near a highway, near a railway, sometimes near some noise source of an industrial area, perhaps near an odour source, too close to a residential area. It goes on and on. There is always some agency or other.

When we get a municipality wanting to do something, and there is a provincial agency that objects to it, part of our role more often than not is to go back to the agency and ask it to have a second look at the matter. We ask if it would be possible for them to modify their recommendation.

Mr. Smith: In this very serious matter—the thing has been sent to the OMB—do you recall getting a call from Mary Smiley? You just said you do not recall getting a call from Mary Smiley. Now I am asking—

Mr. Farrow: Not specifically on this matter.

Mr. Smith: You do not recall specifically getting a call from her on this matter. She claims she got some information from you which led her to believe she should do something unparalleled, which is to send a parliamentary assistant out to have another look at those lands. You do not recall the call, so obviously you do not recall what you might have said to her that could have led her to that belief. I do not need a lecture

about all the different sorts of negotiations that go on in the ministry. Either you remember the call or not.

Mr. Farrow: I want to indicate, on a matter such as this—an important matter, as you mentioned—the local municipality—

Mr. Smith: You do not recall the call.

Mr. Farrow: I do recall clearly from our meeting, as I mentioned, that the local municipality was interested and wanted to get this approved. So, it would be very commonplace, it would be a job I would think is my responsibility, if the opportunity arises, to suggest—we did, as you know, ask for additional information through a memorandum because we were not clear on what the Ministry of Agriculture and Food—they had said they had no objection to part of this land being used for residential purposes.

Mr. Smith: You do not remember the call, so why are you going through all this? If you do not remember it, just tell me you do not remember it.

Mr. Farrow: I am explaining to you—

Mr. Smith: I do not need the explanation. I need to know whether you remember getting a call from Mary Smiley. She said she called you; you say you do not remember. Is that not sufficient?

Mr. Farrow: You asked further questions on it. I was just trying to make sure—

Mr. Smith: I am trying to jog your memory. Is it possible you could have said something to her—

Mr. Farrow: Well, I am telling you—

Mr. Smith: You are giving a lecture about all the things you do.

Mr. Farrow: No. I could have said to her that the ministry has said it does not like all of it being developed but it would not object to some of it being developed, and the municipality had told me it would like it approved. So, I was saying it would be a good idea to look at it again.

Mr. Smith: But you do not remember saying that to her, right? You do not remember the call.

Mr. Farrow: I do not remember that specific case on a call from her, but I would expect that had she called me, that is what I would have said.

Mr. Smith: No doubt.

How do you account for Mr. Hodgson's behaviour? Do you have any idea at all? Mr.

Bennett, do you have any idea at all? I want to quote from what Mr. Hodgson said in the House: "That caller was myself," he said. "I met with these land owners"—Mr. Bottero, his consultant Mr. Dewer, his lawyer, and so on. "They told me they were convinced this land was not of good agricultural quality. I was assured by David Fraser." He was apparently at the meeting and was also out of that position by the end of 1978, and he was chairman of the York regional planning committee, and so on. "I then contacted the Minister of Agriculture and Food," he said.

How do you account for the fact that Miss Smiley says the contact occurred in the late part of October 1979 when the meeting occurred in November 1978?

Please understand: Mr. Hodgson attended a meeting with Mr. Farrow and these other people in November 1978. He then allegedly called the ministry, and that call comes allegedly in October 1979. Why would he have waited from November 1978 to October 1979 if in fact he was calling as a result of that meeting, which is what he said in the Legislature?

11:50 p.m.

Hon. Mr. Bennett: I do not intend to try to interpret that.

Mr. Smith: You have no idea.

Hon. Mr. Bennett: That is correct. I do not intend to interpret—

Mr. Smith: Mr. Farrow, do you have any idea why he would wait a year before making the phone call, if he made the call?

Mr. Farrow: I do not know but he may have tried to call the previous minister.

Mr. Smith: Right.

Mr. Farrow: When there was a new minister in that position, it would be logical for him to call the new minister.

Mr. Smith: Right, so he may have called before and dealt with Mr. Newman and then tried to deal again when there was a new minister, namely Mr. Henderson. That is certainly a possibility and it would be worth someone asking Mr. Hodgson and Mr. Newman that. Unfortunately, neither one is in front of this committee.

Let me ask another thing which happened more recently. It is my understanding the town of Vaughan is now deciding it does not necessarily wish the appeal to cabinet to proceed. It is my understanding that Mr. Farrow, in fact, contacted the mayor of the town of Vaughan

about this matter. Do you recall calling the mayor of the town of Vaughan with regard to the Vaughan lands matter after the appeal had been sent to cabinet?

Mr. Farrow: Yes, sir.

Mr. Smith: What would have been the time you made these phone calls?

Mr. Farrow: If I go by the record of letters which were sent in here on September 15, it would have been some time, I would say, in early September or late August.

Mr. Smith: In early September or late August. You called Mayor Williams. Did you call him more than once?

Mr. Farrow: I do not recall phoning him more than once on this matter.

Mr. Smith: What was the nature of that call? What was the purpose of your call? Why did you phone Mayor Williams?

Mr. Farrow: I spoke to the mayor because a question was being raised that maybe the town wanted an opportunity to take this matter back, look at it and propose a new amendment which would contain less land and perhaps not be in conflict with the Ministry of Agriculture and Food.

I was asked if I could check into that. I called the mayor to say there was a rumour that perhaps the municipality would like this opportunity to rethink the matter and he indicated to me it was his feeling that was the position the council might take.

Mr. Smith: You made the call—

Mr. Farrow: Yes, sir.

Mr. Smith: —because a question had been raised about whether it might not be better for the municipality to change its view on the matter and you had been asked to check on this. Who asked you?

Mr. Farrow: No, sir.

Mr. Smith: You just said that. I am quoting from you.

Mr. Farrow: No, I think you misquoted me in one place. There was a rumour the municipality wanted to do this, not that it would be better for the municipality, but that the municipality would like to do this.

Mr. Smith: You say a question had been raised that the municipality might like to change its mind and you had been asked to check on this. Who asked you?

Mr. Farrow: The minister.

Mr. Smith: The minister asked you to check on this?

Mr. Farrow: Yes, sir.

Mr. Smith: Did the minister say to you that a question had been raised that made him think the municipality might wish to change its view on it?

Mr. Farrow: Yes, sir.

Mr. Smith: He said that to you so that is your basis for believing that. That is who raised the question. The minister said: "Mr. Farrow, would you be kind enough to call Mr. Williams because I hear a question has been raised. There is the possibility the town might like to change its view on the matter."

Mr. Farrow: I am not sure he said, "Call the mayor." I think he may have asked me if I could find out.

Mr. Smith: Find out if the town was perhaps changing its view on the matter. Could I ask the minister, what made you think the town was changing its view on the matter?

Hon. Mr. Bennett: I do not want to get into naming people because I do not know exactly who, but somebody indicated to me that Vaughan would like to have some second thoughts on it and did not want to get excluded from being able to go back to an Ontario Municipal Board hearing in the future.

Mr. Smith: Who indicated that to you?

Hon. Mr. Bennett: I don't recall.

Mr. Smith: You don't recall?

Hon. Mr. Bennett: I don't recall. That is absolutely right.

Mr. Smith: An appeal has been—

Hon. Mr. Bennett: Well, Dr. Smith, you might sit here and want to go through—

Mr. Smith: Oh, for heaven's sake, here we go again.

Hon. Mr. Bennett: I beg your pardon?

Mr. Smith: Here we go again.

Hon. Mr. Bennett: You know there are a number of people who call—

Mr. Smith: Just say you don't recall, that's all, if you don't. That's all right.

Hon. Mr. Bennett: Well, I did say that, but I don't think you should get so disgusted about everything.

Mr. Smith: It just seems odd to me that something as recent as this—you can't argue that this is back in 1979; this is very recent.

Hon. Mr. Bennett: That's right.

Mr. Smith: You sent Mr. Farrow to check on this matter. The matter is being appealed to the cabinet—

Hon. Mr. Bennett: I asked Mr. Farrow and he said very clearly he'd look into it.

Mr. Smith: Yes, that's right.

Hon. Mr. Bennett: He'd go into the situation.

Mr. Smith: That's correct.

Hon. Mr. Bennett: That's exactly what I asked him to do.

Mr. Smith: That's right. Here is a matter that was being appealed to the cabinet, a matter that was the subject of intense discussion in this House and in the press for months and months, and somebody brings to you, allegedly, the notion that maybe the town wants to change its mind and you can't remember who might have told you that. That is what you want us to believe, that you can't remember.

Hon. Mr. Bennett: I don't really care what you believe.

Mr. Smith: But you can't remember who might have told you.

Hon. Mr. Bennett: That's correct.

Mr. Smith: You have no idea.

Hon. Mr. Bennett: That's correct.

Mr. Smith: That's right. Was this discussed in cabinet at all?

Hon. Mr. Bennett: Not to my knowledge, it wasn't.

Mr. Smith: All right, and so—

Hon. Mr. Bennett: And I would not disclose it if it were. That is a confidentiality.

Mr. Smith: Yes, of course.

Hon. Mr. Bennett: Okay.

Mr. Smith: Now this is only a couple of months ago. Within the last two months somebody brings to you the rather startling news that on this whole business that is being appealed to cabinet—there were big headlines for a long time, and it has been a source of tremendous embarrassment and difficulty to you—maybe the town wants to change its mind on the matter. You can't remember who might have told you this. You have no idea at all. Two whole months have gone by and you cannot remember who would bring you news of this startling kind. You're saying nothing so I assume you're saying you can't remember.

So you say to Mr. Farrow that there is a rumour. Mr. Farrow, when you called Mr.

Williams, what did you say to him? Do you remember exactly? Did you say you had heard a rumour—

Mr. Farrow: No, I don't remember exactly, but I can remember the basic gist of it and that was: "Mr. Williams, I have heard perhaps the town of Vaughan would now like an opportunity to reconsider its position on amendment 95, Purpleville, and make a new application to the ministry for a smaller area of land. Is this true?" That would be the gist of my discussion with him.

Mr. Smith: You said you heard this rumour. What did he say?

Mr. Farrow: He said that was reasonably close to the position as he thought it was, but he could not speak on behalf of council. He subsequently advised me he thought the council would like the opportunity to have it back.

Mr. Smith: He thought it might like the opportunity to have it back?

Mr. Farrow: Yes, sir.

Mr. Smith: His recollection of that conversation, interestingly enough, is not that you called—of course, he may change it now you have made your statement—but the recollection he has given to us is not that you called to tell him a rumour, but that you called to suggest he might wish to change his view. In fact, he is very definite about that. Why would he get the impression you called him to suggest he change his view? Why would it be your business to do—

Mr. Farrow: I don't know why he would.

Mr. Smith: You can't imagine why he would. You were merely calling to check on rumours.

Mr. Farrow: Yes, sir.

Mr. Smith: You deny, therefore, that you were calling at the instigation of the then Minister of Housing to get the town to change its view so that the cabinet would be spared the political difficulty of having to rule on this appeal.

Mr. Farrow: Yes, sir.

Hon. Mr. Bennett: I don't know where you get the idea of a difficulty.

Mr. Smith: Oh, of course. You can't possibly understand that.

Hon. Mr. Bennett: No.

Mr. Smith: Naturally. It was just a rumour you were responding to. So you sent Mr. Farrow to do that.

Hon. Mr. Bennett: I will remember that, so that each time one of your members asks for something you will put it in writing—

Mr. Smith: Yes.

Hon. Mr. Bennett: —so we will not have the same difficulty in the future.

Mr. Smith: Did you speak at any time, since the matter has been appealed to cabinet, to Mr. Bottero?

Mr. Farrow: No, sir.

Mr. Smith: Did you speak at any time to Mr. Webb?

Mr. Farrow: Not about this matter. I have spoken to Mr. Webb on other matters.

Mr. Smith: But nothing to do with the Vaughan lands.

Mr. Farrow: I have specifically told people I will not speak to them, because it is not a matter I have any involvement with.

Mr. Smith: And yet, there you were calling the mayor of Vaughan—

Mr. Farrow: I spoke to the mayor of the municipality. Yes, sir.

Mr. Smith: You say it is part of the job of the director of the plans administration branch, when there is an appeal in front of cabinet, to call the mayor of a municipality and try to convince him he should withdraw the appeal?

12 noon

Mr. Farrow: No, that wasn't my job. My job was to find out if in fact this was the position of the municipality that would have some interest in the thing.

Mr. Smith: And after that, I believe, the mayor told you he thought he might be able to go along and withdraw it. I gather there was a vote in a subcommittee agreeable to the mayor's position, but then the council overruled him.

Mr. Farrow: That's right.

Mr. Smith: Then later on, more recently, Mr. Bottero has said, "Maybe we ought to rethink the matter and withdraw, because we would like to be sure that some of our lands will be treated better in the future." Why do you suppose they are now withdrawing this appeal? And what have they been promised in order to get this withdrawal?

Hon. Mr. Bennett: Mr. Chairman, I wouldn't have any idea why they withdrew the appeal. Maybe they felt they had gone far enough and they didn't wish to spend any more money; maybe the economics of the day indicated there was not much reason to try to push to get

whatever they wanted. I can tell Dr. Smith very clearly that I have never put myself in the position, nor have any of my colleagues, of offering anyone anything in the future as a result of whatever they might do.

Mr. Smith: When Mr. Bottero tried to persuade the council that he had better get it to withdraw the appeal, after going on to complain that the matter had become one of some political controversy—and presumably Mr. Bottero hates to be involved in political controversy—he went on to say essentially, "It's very painful. We do feel, however, that if they withdraw, by doing what we are doing we would still be left with that avenue for development as allowed in the decision." He speaks of an overloaded boat having sunk, and he wants to proceed to bring survivors to shore.

It is perfectly obvious that he is saying that they asked for a lot and they didn't get it, and rather than go through with the appeal they hope that if they ask for less they will get it. What they say is, "We will come back in a continued spirit of co-operation, as evidenced by official plan amendment 95, to seek approval of various small holdings within the amendment area." In other words, Mr. Bottero's clear intention is that what he can't get all at once he wants to get, at least in part, piece by piece. That's obviously what his intention is.

You will deny it, no doubt, but just for the record: Did you give the town any assurance that by withdrawing their appeal now they would have a better chance to get smaller parts of that area approved in the future?

Hon. Mr. Bennett: To whom is the question directed?

Mr. Smith: Mr. Bennett and then Mr. Farrow.

Hon. Mr. Bennett: I haven't even talked to the town.

Mr. Smith: All right. Mr. Farrow?

Mr. Farrow: No, sir; but I think it's quite clear in the recommendations of the Ministry of Agriculture and Food that certain areas of the land could be developed which would not interfere with the ministry's agricultural policies. Therefore, if the application were made, presumably for something that was in conformity with the agricultural policies, and all other agencies—

I mean, there's no commitment on this because, as I am sure you are aware from the study of the file, more than the Ministry of Agriculture and Food raised objections. No

commitment could be made as to what would or would not be approved, and no commitment was made on that by me.

Mr. Smith: I will raise one last point and then I think we can leave this issue. I want to go back to Mr. Bennett, if I may. He was the centre of considerable controversy on this matter, though the centre admittedly shifted to Agriculture and Food after a while. The sensitivity of this matter is very well known and understood by everybody, yet he tells us that two short months ago he heard that maybe the town of Vaughan wanted to change its mind and he sent Mr. Farrow to deal with the mayor, who recalls being told or asked to change his mind—not having any rumours inquired about; but leave that as it is.

He sent Mr. Farrow, and he cannot recall the source of the rumour that suddenly arose, to the effect of, "You know that whole Vaughan lands business we have all been talking about? I hear that Vaughan is willing to withdraw its appeal from cabinet." That's a memorable occasion for most people, I would think, and it's only two months ago. Yet the minister tells us he can't recall. Can you recall whether you heard this rumour in person or on the telephone?

Hon. Mr. Bennett: Dr. Smith, I have answered the question.

Mr. Smith: You don't remember who told you, you said.

Hon. Mr. Bennett: That's right.

Mr. Smith: All right. But I am asking if you remember whether you heard it on the phone or in person.

Hon. Mr. Bennett: I have answered the question. I do not recall.

Mr. Smith: You don't recall that?

Hon. Mr. Bennett: I had heard it through the—

Mr. Smith: Somehow.

Hon. Mr. Bennett: Somehow. I suggest that—

Mr. Smith: Do you remember whether you heard it from a man or from a woman?

Hon. Mr. Bennett: It wouldn't make a great deal of difference.

Mr. Smith: Well, perhaps not, depending on—

Hon. Mr. Bennett: I suggest, Mr. Chairman, that I have answered the question as fully as I can answer it. I heard the rumour.

Mr. Smith: From within the ministry, perhaps. Was it anybody within the ministry?

Hon. Mr. Bennett: It could very well have been.

Mr. Smith: Would it have been at a cocktail party?

Hon. Mr. Bennett: I don't attend many of them.

Mr. Smith: Perhaps not, but might you have heard it at the few you attended?

Hon. Mr. Bennett: Again, it would be wrong to try to answer your question one way or the other.

Mr. Smith: It was only two months ago, and you can't remember who told you the town of Vaughan might want to change its mind.

Hon. Mr. Bennett: Frankly, I had heard it and I suggested to Mr. Farrow that he look into it for me.

Mr. Smith: Yes. All right.

Hon. Mr. Bennett: The point is that if a minister is to offer some advice to the rest of his colleagues in council he should have it from a fairly reliable source, and I take it that that would be the mayor or at least the planning commissioner or somebody in that jurisdiction.

Mr. Smith: Mr. Chairman, I will not further question the witnesses at this point.

Hon. Mr. Bennett: Witnesses? Just hold on. Let's just get it straight that we're on a committee, not a judicial hearing.

Mr. Smith: That's fine; the minister and his plans administration officials.

Mr. Riddell: If it were a judicial hearing the answers might be different.

Hon. Mr. Bennett: No, they wouldn't be, Jack.

Mr. Smith: Well, let me tell you, the answers that Miss Smiley gave would have been different, because otherwise she would be—

Hon. Mr. Bennett: I think that's conjecture on the part of the Leader of the Opposition.

Mr. Smith: Otherwise, I say it right here plainly, she would be up for perjury if she were under oath.

Hon. Mr. Bennett: That's a statement, I guess, the press can report, but—

Mr. Smith: I have made this statement before

in front of Mr. Henderson, and he hasn't challenged me on it. I assure you I know what I am talking about.

Hon. Mr. Bennett: Not having been present, I wouldn't know.

Mr. Smith: However, we'll get on with this. I simply want to summarize this. Mr. McNeil was sent out in an unprecedented manner to look at lands and overrule his own people in his ministry. This was allegedly done at the instigation of Miss Smiley, who allegedly received a phone call from Mr. Hodgson. Mr. Hodgson, in admitting the call, says he phoned following a meeting, and it is obvious that his phone call came a year after the meeting.

There is no reason, therefore, for people to believe that this is in fact what happened, and we are still left with a feeling that someone instigated the sending out of Ronnie McNeil; that it was highly unlikely to have been Miss Smiley, of all people; that it most certainly did not come from a call Mr. Hodgson made after that meeting, because a year passed between the meeting and the phone call, and that whoever it was who instigated the ham-handed efforts on the part of the Ministry of Agriculture and Food to send out a parliamentary assistant for the first time to review that kind of decision must have been someone the government would rather we not find out about.

At first it was alleged to have been the minister, Mr. Bennett; but then it became clear it was not. Then we found out two weeks later that allegedly it was Mr. Hodgson, who said he did it following a meeting; only the meeting happened to have occurred a year before his phone call.

So none of the stories is believable, and people are still left to wonder how it is that the town of Vaughan amendment should have required this extraordinary measure of the Minister of Agriculture and Food withdrawing his objections on the basis of his parliamentary assistant's visit, and how it is that since then the town has been contacted, instructed or given the suggestion that it might withdraw its appeal to cabinet and has since done so, presumably to spare the government political embarrassment. The issue is clearly one in which the government has not been truthful and forthright with the people of Ontario.

Mr. Brandt: May I ask a question with regard to the last statement? I take some exception to the Leader of the Opposition's use of colourful verbiage such as "extraordinary measure." As a

mayor for six years, as a member of a council and as a municipal politician for 10 years I can tell you, Dr. Smith, that it's not unusual for the types of negotiations that have been discussed here today to go on between ministry officials, municipal officials and people who are involved in attempting to resolve a particular issue. I have heard of numerous cases where negotiations have gone on between ministries in order for one ministry to come to a compromise with respect to a particular objection it might have.

I would like to pose this question to Mr. Farrow: Is it extraordinary, to use the word Dr. Smith has used, for a ministry to change its fundamental position before a matter goes to an Ontario Municipal Board hearing, whether it be the Ministry of the Environment, the Ministry of Agriculture and Food or any other ministry of the provincial government?

12:10 p.m.

Mr. Smith: By sending out a parliamentary assistant to investigate agricultural land suitability, land that has already been found suitable by everybody on the staff of the ministry—

Mr. Riddell: And when it's contrary to their own food land guidelines.

Mr. Brandt: Not in total.

Mr. Riddell: Contrary to the food land guidelines—no question about it, Andy.

Mr. Brandt: You're being very general in a—

Mr. Riddell: Well, he's just come in with a policy of growing a new crop that you can grow on that land.

Mr. Chairman: Order, please. Mr. Brandt asked you a question, Mr. Farrow. I wonder if you could respond.

Mr. Farrow: No, it is not extraordinary. As I mentioned in the discussion with Dr. Smith, it is part of our responsibility to carry on these negotiations right up until there is a resolution one way or another, whether it is at the municipal board or not at the municipal board.

Mr. Epp: Mr. Chairman, as the former mayor of a municipality I would like to tell you that had I received a call from the Ministry of Housing asking me whether we were changing our position on a certain zoning which was before the cabinet, I would have found it very extraordinary indeed. During the two and a half years I was there I never received a single call.

Mr. Chairman: Are we finished with that particular item? I think we are.

Ms. Bryden is the next speaker I have listed here on vote 2202.

Ms. Bryden: Mr. Chairman, I noticed in going through the background material that the vote on the loans for regional and municipal public works is down by \$4.8 million. It says the reason is that there are no new commitments after 1977-78 and that the program is winding down.

In view of the very serious situation in this province this winter of snowballing layoffs, the decline of our manufacturing industry and the problems of the motor vehicle industry in particular, would the minister not consider it important to reinstate that program of loans for regional and municipal public works this winter so we can get some new job creation in the municipal field? I understand a lot of municipalities feel they cannot finance public works by debentures these days because of the very high interest rates.

It seems to me we are back to the stage where we need a provincial winter works program with some of the capital funds being put up by the province. Obviously, if the province can find \$650 million to buy Suncor it should be able to find some capital funds to enable municipalities and regions to carry out some very important municipal public works that have been postponed because of the very high interest rates and the difficulties of debenturing at present.

It would be a much more creative way to spend money than giving large grants to the private sector, which seems to use the money to buy up other companies in a sort of cannibalism, or to invest abroad. There are not enough strings attached to the grants that have been given to industry and these grants are not producing jobs, as we can see by the very serious increase in layoffs and unemployment figures.

Could the minister comment on whether he might reverse the phasing down of that program of loans for regional and municipal public works?

Hon. Mr. Bennett: Mr. Chairman, the member will likely recall that we had the Ontario home assistance program, which was to advance the installation of major services to open up a great deal of land in various municipalities across the province. This community made use of it, as did most of the regions. I know that Ottawa-Carleton made fairly extensive use of it and that the York-Durham sewer system and so on all came under the Ontario home assistance program, which was brought into being five or so years ago.

You will recall, again, that there was a forgiveness period with no payment, backed by the municipalities. What we are suggesting, and

what we are indicating clearly here, is that the program ran out. We did not continue to fund it because there appears to be a sufficient amount of land in most jurisdictions for development purposes. While we spent over \$4 million last year, which was a previous commitment, it is no longer a functioning program. No funding will be provided for it this year.

One can talk about spending money on municipalities. We look at programs constantly. Let me make it clear to the member that the fact that Ontario borrows money does not make it that much less expensive to do than if the municipality does it. We have a great fixation that because the municipality does not spend it, it is cheaper for the province to do it for the municipality. I hope you realize it costs the government of this province money to borrow money, as it would a municipality. I have said that municipalities have a definite responsibility for some of the local services. One cannot continue to transfer them back to Queen's Park.

We have increased our grants. Grants to municipalities across this province are better than they are in most areas, if not the best. I cannot speak for what Alberta might do in this coming year for their municipalities. Who knows? With an Alberta Heritage Savings Trust Fund of \$10 billion or \$11 billion one can do a fair number of things without too much difficulty.

I said last week, and I repeat, that already the government of Ontario transfers back to its municipalities in southern Ontario 32 cents for every dollar they spend. It comes from the provincial government. In the rural areas, it is 44 cents, and in the northern part of the province, Mr. Wildman, it is 49 cents of every dollar.

Ms. Bryden: I agree that borrowing money has to be paid for by whoever borrows it. We all know the municipal property tax base is a much narrower tax base to pay the interest. We also know that apparently the government is able to find \$650 million for Suncor at this time.

Presumably that is in additional borrowing, because the government has been running in a deficit position. It is possible, apparently, for the government to find money and to find the carrying charges on that money, but the municipalities' grants, while they may have gone up numerically, have not kept up with the rate of inflation.

Hon. Mr. Bennett: Nor should they. It is either that or we do not give a tinker's dam about inflation, and are content to let it take off

and we will just match inflation every time. I think, Ms. Bryden, you and I are convinced, and if we are not we should be, that somebody should be doing something to bring inflation under control. We should not just let it continue to run without any brake on it.

I said to you last week in my statement to this committee that the increase in grants we have been giving to municipalities is greater than the increase in expenditures allocated to most ministries of this government.

Ms. Bryden: That may be so but, as you know, we have been in a restraint program and I think the cuts have been made in the wrong places, in some cases, including at the municipal level.

Hon. Mr. Bennett: We have not cut at the municipal level.

Ms. Bryden: If you do not increase at the municipal level at the inflation rate, what you are asking municipalities to do is either cut services or increase property taxes.

Hon. Mr. Bennett: I am asking them to do the same thing every government is challenged to do, as are business and all of us in personal life: that is, to find areas one can cut back on wisely at this time. When we were in a time of fairly easy dollars, we were able to open up new programs. Maybe there should be an analysis done as to whether all the programs in place, whether it be at this government level, the federal government level or the municipal government level, are essential in today's tight economy.

As one minister of the Ontario government, I do not intend to be asked to cut back programs and find ways of restraining expenditure, and at the same time allow municipalities to go on with new programs because we are going to give them more money.

Do you recall last year we picked up the 7.5 per cent of public housing? We picked it up because we heard, from one municipality after another, it was a cost factor they were finding difficult to meet. I convinced my colleagues in cabinet and the Treasurer (Mr. F. S. Miller) that Ontario should go for 50 per cent of the deficit factor in public housing and 50 per cent of it would be picked up by the federal government according to the agreement we have with them.

It was done because we were of the opinion, in all the discussions we had with the municipalities, that they were going to put it back into the general treasury as a cost-saving device to try to curb mill rate increases. Ms. Bryden, look around. I doubt there are many, if any, that

really took it back in and put it down as a fact they had saved this much money. They found new programs to spend it on; they did exactly the opposite of what they had been preaching to me.

12:20 p.m.

It makes one's job as a minister a little difficult when one goes into cabinet to convince one's colleagues one can do something to help them, and then one turns around and has one newspaper story after another saying, "Now that we have saved X millions of dollars as a result of the province's generosity in picking up the 7.5 per cent, we are going to try this new program."

That was not the principle on which it was sold to cabinet. I do not wish to get carried away with it, but I think municipalities have as much responsibility to try to find ways of curbing their expenditures as I have in representing this ministry.

Ms. Bryden: In the past few years, with the cutbacks, they cut out some programs and cut back others.

Hon. Mr. Bennett: Which ones? Would you like to list them for me, because I am still looking for them?

Ms. Bryden: Some of the recreational programs have been getting much less than the cost of living increase.

Hon. Mr. Bennett: That is not what you said. Just let me interrupt you again. You said "cut out."

Ms. Bryden: No, I think I said "cut back."

You mentioned this program. The \$4.8 million cut out was for providing serviced lands in many cases and presumably municipal infrastructures for new housing, but the city of Toronto says there is practically no serviced land it can find for carrying on municipal nonprofit housing. Yet that is your answer to the housing situation. So there must be a need for more serviced land, not only for the city of Toronto but for some of the other municipalities that are not taking up your challenge to provide more nonprofit housing.

Hon. Mr. Bennett: In Toronto proper I cannot imagine there being very much unserviced land; I really cannot. One of the problems we have had in Toronto itself is that it has had a declining population because there has been a change in land use, and so on, and there is no new virgin land to open up for new housing development. That is my understanding.

Ms. Bryden: Well, there could be some redevelopment.

Hon. Mr. Bennett: That is another problem, if you want to get into redevelopment. That does not mean to say they need services; the land is serviced and ready to go. We see major sewer and water work being done in this community to try to build in sufficient capacity for these new structures we see going up on the skyline of Toronto itself. Around Metropolitan Toronto there is a fair amount of serviced land—I am talking of Metropolitan Toronto now—which can be made available for co-op and nonprofit housing, both private and public, whether it be in Mississauga, Scarborough or wherever.

I do not have the figures at my fingertips at the moment. I read them the other day as to the amount of nonprofit housing, both private and public, and co-ops that are being developed in this metropolitan area of Toronto. It is rather substantial. I would be foolish to tell you we are going to find land in downtown Toronto to put nonprofit housing on, not unless somebody has a pile of money that is hidden to me.

Ms. Bryden: They may need some assistance in acquiring the land that is available for redevelopment. That would also be a form of getting more nonprofit housing going. That should come under your ministry.

Hon. Mr. Bennett: It does. That is, the public nonprofit housing comes under the Ministry of Municipal Affairs and Housing; the private still is with Canada Mortgage and Housing Corporation, as is co-op. When they come in with the unit cost, whether it be in Waterloo, Sarnia, Toronto or Mississauga, there are unit costs established by CMHC which are enforced on those organizations by this ministry in a supervisory role. That is understandable, because if there is not some control, where is the public purse going to be as far as subsidizing those units is concerned?

Ms. Bryden: I think Mr. Wildman has some questions he wants to bring up, so I will defer to him.

Mr. Chairman: We have five minutes left before we recess. If you could make the question about two and a half minutes long and the minister's answer two and half minutes long, we would be right on time.

Mr. Wildman: Mr. Chairman, I have questions under 2202 with regard to planning.

I had correspondence with the minister regarding the St. Joseph Island district planning area and a really lengthy holdup that has taken place with the approval of the municipal bylaws—there are a number of municipalities involved—so

that the plan could be accepted and brought into effect for the St. Joseph Island planning area. I just received a letter from the minister explaining that there had been a holdup because of metric conversions in the bylaws. The Ontario Municipal Board apparently had asked some questions about that and they had to be resolved.

I was just wondering if I could have some update as to the status of this situation so we will know when and if the plan will be approved and put into effect.

Mr. Farrow: Mr. Wildman, we can have something for you this afternoon. I do not have anything right here on that. I know metric conversion on some of the bylaws, which has been in the mill for some time, has deferred and delayed some of them. I really cannot give you anything further—

Mr. Wildman: I did not expect you to have it.

Mr. Farrow: —but I will have it for you after lunch.

Mr. Wildman: Thank you. I appreciate that.

Mr. Farrow: Just for clarification, excuse me, is that the official plan or a zoning bylaw? We will check on it.

Mr. Wildman: It is the official plan.

Mr. Farrow: Okay.

Hon. Mr. Bennett: It is the official plan for St. Joseph Island.

Mr. Wildman: It includes the four municipalities.

Hon. Mr. Bennett: Does it include the bridge?

Mr. Wildman: No, the bridge is actually in Tarbutt township.

Mr. Farrow: Mr. Wildman, do you have a letter from us?

Mr. Wildman: Yes, I have a letter dated November 12.

Mr. Farrow: Then we can use that as a reference.

Mr. Wildman: Basically it told me what I knew already, to be honest with you, and did not tell me when this thing might be finalized. That is why I am asking you now.

Hon. Mr. Bennett: We will have that for you this afternoon, if I can just look at this on the way out.

Mr. Wildman: I had written to you saying there had been a problem with the metric conversion. You wrote me back a detailed letter

telling me there had been a problem with the metric conversion, not telling me when the thing would be finalized.

Hon. Mr. Bennett: We wanted to agree with you.

Mr. Wildman: Okay, fine. I also have a question with regard to planning in the Blind River area. It appears to me that the ministry has attempted to co-ordinate the development of plans in the Blind River area. You have the Blind River and area planning area, which involves the town of Blind River and the unorganized areas around it. Then you have the development of plans for a couple of municipalities in the area, such as Thompson township and the village of Iron Bridge.

It appears to me at this stage that the ministry is attempting to encourage further development in the Blind River area and perhaps in Iron Bridge, but apparently has the attitude that everything should be frozen in Thompson township and that we do not need any further development in Thompson township. I am just asking whether or not that is the policy of the ministry or if I am reading too much into it.

It appeared to make sense at one time to freeze any kind of development in Thompson township because Ontario Hydro was looking at the possibility of building a major generating plant in the area. It certainly made sense for the ministry to try to co-ordinate all the different plans that were being developed in the area because of that major development that Ontario Hydro was planning. Unfortunately, or fortunately—whatever way you view it—that has been postponed probably at least until the turn of the century.

If that development by Ontario Hydro is going to go ahead eventually, it will not be in the near future. At one time it was thought it would be completed by 1985. If it is going to go ahead, and that is the question, it probably is not going to go ahead now until, as I say, the late 1990s or

after the year 2000. The question is, if attempts were needed at one time to slow or stop development pending the co-ordination of planning in the area as it specifically relates to Thompson township, are they still needed? If they are not needed, what is the status of planning in Thompson township and is it possible for some of the guidelines to be changed because of the changing situation with Ontario Hydro?

Mr. Farrow: Mr. Wildman, we will have an answer to that before the afternoon is out, or if we cannot get it that quickly, I will have it for you shortly. I am sure we will be able to get a comment for you after lunch.

Mr. Brandt: I would just like to suggest that you not make a phone call to check out this rumour.

Mr. Wildman: Mr. Chairman, I know that Mr. Brandt was taking a shot at Dr. Smith there. I would indicate that I quite honestly have never seen committee hearings of this Legislature as being places where cross examination should take place.

Mr. Brandt: I think the good doctor, being a psychiatrist, perhaps made a Freudian slip in the last part of his address when he suggested the people he was addressing his questions to were witnesses. I thought that was rather interesting.

Mr. Wildman: Mr. Chairman, in cases of major concern in a committee of the Legislature, there is always the option that the committee can subpoena witnesses and move a motion that all statements made before the committee can be made under oath. There was no attempt to do that this morning. I would certainly not put Mr. Farrow on the spot because I had asked him to check something out for me.

Mr. Chairman: That was recorded. We shall recess now until two o'clock.

The committee recessed at 12:28 p.m.

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No. G-9

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government
Estimates, Ministry of Municipal Affairs and Housing

First Session, Thirty-Second Parliament
Wednesday, November 25, 1981
Afternoon Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, November 25, 1981

The committee resumed at 2:07 p.m. in committee room No. 1.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING (concluded)

On vote 2202, community planning program:

Mr. Chairman: We will call this meeting back to order.

Hon. Mr. Bennett: Mr. Chairman, before we adjourned for lunch, Mr. Wildman asked about our position regarding Hornepayne and, secondly, with regard to the township of Thompson. I will ask Eric Fleming, assistant deputy minister for municipal affairs, to bring us up to date as much as possible on Hornepayne.

I want to say to Mr. Wildman, I do not mind taking the responsibility for municipal affairs and housing, but I did not know I would be asked to take over all the others.

Mr. Wildman: That is a problem in Hornepayne at times.

Hon. Mr. Bennett: I understand you have been doing a great job in bringing them all together and keeping them co-ordinated.

Mr. Wildman: I am trying to assist.

Hon. Mr. Bennett: That's what my staff said, anyway. Mr. Fleming, do you wish to add anything to the questions Mr. Wildman raised?

Mr. Fleming: I think Mr. Wildman is doing a great job.

Mr. Epp: What kind of problems?

Hon. Mr. Bennett: Which one?

Mr. Epp: Money.

Mr. Fleming: The situation in Hornepayne is that there has been a major complex built there over the past few years and there have been some difficulties with the leases. They are at the stage now where I think they can be sorted out. Some of our people and some of the staff of the Ministry of Northern Affairs are meeting on Friday with the municipal council, and it is hoped that they will resolve the problems of the leases in the town centre.

There are some administrative and financing problems in the municipality. A couple of years

ago, there was quite a lot of capital expenditures not permanently financed, and that particular problem has been resolved over the last year or so. The one remaining problem is some administrative difficulties which we hope we can work out with the municipality in the next few months.

Mr. Wildman: Mr. Chairman, I would like some direction: Would it be more in order for me to wait to ask any follow-up questions on that particular matter until we get to the municipal affairs vote, or can I ask them now?

Mr. Chairman: I suppose it does fall more under municipal affairs, and that is the place to deal with it.

Mr. Wildman: I had asked a couple of questions under this vote in relation to the St. Joseph Island planning area and Thompson township, which is in the Iron Bridge planning area.

Mr. Farrow: Yes. With regard to the St. Joseph bylaw, there has been a little misunderstanding, I think, by the municipal solicitors as to who approves bylaws. It is a zoning bylaw. They have been corresponding with us. We have recently written to the Ontario Municipal Board, advising them that we have no more problems with the bylaws. As far as we are concerned, it is okay. It is my understanding that the solicitor has not sent the final bylaw down to the board, but we have advised him that this should be done.

You are well aware from our back and forth correspondence that there were questions about the metrication, but all those have been resolved. On November 4, we advised the municipal board that our concerns had been satisfied and we now have no objection or further comment on the bylaw. We have also advised St. Joseph Island township and St. Joseph Island of that. That should now be cleaned up. If there are any problems and we find out they are still having any concern with the bylaw, our people will be quite happy to talk to them, Mr. Wildman.

Thompson township, as you correctly pointed out, does not have an official plan. We have had a basic policy that where there is no official plan

we do not like permanent development going into a really rural no-place township, with due respect to Thompson.

Mr. Wildman: I am not sure they would appreciate you calling it a no-place township.

Mr. Farrow: No. There are about 75 or 80 or maybe 100 people in the township. We have had a policy, not only for the Thompsons of this world but also for many areas, that unless there is an official plan we do not think permanent development should be parachuted into some of these areas, unless it is an extension of an existing growth. If it is right up against Blind River or something, that is a little different. As you know, this has happened there.

We have approved an official subdivision up there for seasonal lots. That was approved in 1979 and was draft approved in 1980 for 22 seasonal lots. We have gone along with this. It is not that we are freezing the township, but we have limited the amount of permanent residential growth that has gone in. Now that they are part of the Iron Bridge planning area, they are producing a plan. They have hired a consultant and are putting together a plan. Once this is in, if there is some justification given as to why there should be some permanent development in Thompson township, we will be glad to assist them and expedite it and make sure it is done properly and quickly.

Mr. Wildman: The seasonal one you said you had approved, that was an application by a Mr. Scott, was it?

Mr. Farrow: No. That was Norman Barker. I understand Mr. Scott has made two applications for the same piece of land, early in 1980 and later on in 1980. They were both for the same piece of land, and basically for the same reason that we still did not have any planning policy for that area.

Mr. Wildman: Can you give me some indication as to where we are in terms of developing official plans for the municipalities in Algoma? I know there has been a lot of work done by Mr. Clute with a number of rural municipalities. I don't expect you to have it right at your fingertips, but I would appreciate if you could give me some indication of where you are in terms of developing official plans with various municipalities in the Algoma district.

Mr. Farrow: We can get that and get back to you. Either myself or Dave Henderson or Phil Remington or somebody will contact you on that specifically.

Mr. Wildman: I would appreciate that. Also, I won't prolong the discussion on this, but I do have one specific question to which I would appreciate a response. Could you tell me specifically the status of the development of an official plan in terms of the township of Plummer and Plummer Additional in the area of Bruce Mines?

I would appreciate if you would let me know the specific reason for the denial of approval by your ministry of a severance application, file number 04-57C-80-992, in that township. My understanding is that the severance initially was not approved because apparently it was decided by someone that the individual involved did not have road access to the property when, in fact, the road goes right through the property. I find it very hard to understand how one could not have road access to a piece of property that is traversed by a road.

Mr. Farrow: We will look into that, but it may be it is a private road.

Mr. Wildman: No. It is a municipal road.

Mr. Farrow: We will look into that specifically.

Mr. Wildman: I do not expect you can give me that information immediately, but I would appreciate if you would get it to me as soon as possible.

Mr. Farrow: We will let you know what is going on in that whole north shore area with regard to official plans and specific amendments.

Mr. Wildman: Thank you. Also, I would say that Mr. Clute has been quite co-operative whenever I have asked for information, and I appreciate the work that is being done in that area.

Mr. Farrow: I am pleased to hear that.

Mr. Swart: Mr. Chairman, thank you for the opportunity of appearing in this committee. I have some questions and I would like to have some discussion with the minister relative to the role of his ministry in the Beaver Valley development feasibility study.

I am sure the minister and officials of the ministry will be aware of what has been taking place in the lengthy hearings with regard to the Niagara Escarpment Commission where phase one is completed and phase two is under way. I believe phase two is completed up in the Beaver Valley area except for a supplementary hearing which is to take place later.

Mr. Minister, it is my understanding that the

consultants for the Beaver Valley Planning Board are currently doing a Beaver Valley development feasibility study. Do you know if that is correct?

Hon. Mr. Bennett: I am not aware of them doing one. I think they are in the process of trying to get terms of reference.

Mr. Farrow: They may be doing a study, but I do not think we have yet finalized any funding arrangements that have been discussed.

Mr. Swart: My understanding is that the study is already under way, whether it has been finally approved by you people or not.

My next question is with regard to the funding. They have asked for your blessing on this study. They have asked for 70 per cent of the costs of this study. You have given an indication to them in writing that you likely will fund this study. In fact, I have a letter that was sent by Mr. Spittal to Mrs. MacMillan, the chairman of the Coalition on the Niagara Escarpment.

I quote from that letter, dated October 27, 1981, a paragraph of which states, "As I mentioned to you in our telephone conversation, we will likely be providing approximately 70 per cent of the study costs as indicated in the letter of application."

I have another letter here to the planning board which indicates the same thing. I put the question at this time, has the final commitment been given for that 70 per cent subsidy?

Hon. Mr. Bennett: Not to my knowledge.

Mr. Swart: Am I to conclude that perhaps it may have been?

Hon. Mr. Bennett: My most recent information was on October 20 and it indicates to me that, "The Beaver Valley Planning Board is meeting to discuss the minister's proposition on this grant request and has yet to indicate whether or how it would proceed with the study." That is it unless there has been some change in the last week.

Mr. Farrow: This was some time ago. In discussion with Mrs. MacMillan we indicated that, provided certain conditions were met of which she was aware and in my understanding did not object to, the grant would be available. But to our knowledge those conditions have not been complied with; therefore, we have not given any dollars.

Mr. McKessock: How long is it since you asked for those conditions?

2:20 p.m.

Hon. Mr. Bennett: A letter was sent to them on August 11, 1981, Mr. McKessock, stating that a grant would be considered provided the study met the needs and conditions. I understand they still have that under discussion, unless there has been some position taken in the last three weeks that I am not aware of.

Mr. Swart: There was a report dated October 2 in which they revised the terms of reference and submitted four terms of reference to you rather than the original three. They state: "The objectives for the proposed Beaver Valley secondary plan are: (1) to assemble and document the existing environmental, physical, social and economic data base for the study area; and to refine and build on these data to provide an appropriate basis for a 1:24,000 scale secondary plan." Then there are three others which I do not think it will be helpful to read at this time. Have those been approved?

Hon. Mr. Bennett: I do not even know whether we have received them yet.

Mr. Farrow: We have not at this time given final approval for the funding.

Mr. Swart: Have you received these and have you approved of these?

Mr. Farrow: We can find that out for you, Mr. Swart, but I do not have that information here.

Mr. Swart: I would like to know, perhaps even today, if that is the case. Is it not true that the original request to your ministry for funding was to oppose the Niagara Escarpment plan?

Hon. Mr. Bennett: I beg your pardon?

Mr. Swart: Was the original request to you for funding of this study, the request from the Beaver Valley Planning Board to you, for the purpose of funding a study that was to be used in the supplementary phase two hearing to oppose the Niagara Escarpment Commission plan?

Mr. Farrow: It was my understanding that it was to supplement and at one time the—

Mr. Swart: To supplement what?

Mr. Farrow: The Niagara Escarpment plan; it was my understanding that the Niagara Escarpment Commission had at one time asked Beaver Valley to give them specific proposals and considerations for that part of their planning area, that this had happened some time ago and that this would be responding to that request although it came along at a time when they were proposing this amendment you spoke of earlier.

Mr. Swart: Is it not true that you originally turned down the request because it was to be used to fight the Niagara Escarpment plan?

Mr. Farrow: At one point we told them we would not fund it unless the primary reason for the study was an amendment to their official plan. We do not fund studies for or against the Niagara Escarpment plan.

Hon. Mr. Bennett: Or for any plan that is to take a particular side, may I just say; so Mr. Swart is not off base on it.

Mr. Swart: You did turn down the request originally back in April because it was to be used to oppose the Niagara Escarpment plan. Let me read to you from the letter to Mr. Ross Arthur from Mrs. Anne Beaumont, who is the director of your community planning advisory branch. This is addressed to Mr. Arthur, who is planning director of the Grey County East Planning Board:

"It is apparent from correspondence between yourself and the London office of this branch, and particularly from the study proposal which has been approved by the planning board, that a very different kind of study is now contemplated. The study is clearly designed to provide supporting evidence for the planning board's position before the Niagara Escarpment Commission hearing that further land for recreational development should be designated in the Niagara Escarpment Commission plan.

"The current proposal is ineligible for funding under the community planning studies grant program because (1) a development feasibility study would meet the criteria of the program only if its objective was the development or revision of a municipal policy statement, (2) funds are not available for the preparation of evidence to be presented at the Ontario Municipal Board or before a hearing officer, (3) it would clearly be inappropriate for the Ministry of Housing to provide financial assistance to one party to present its position at the Niagara Escarpment Commission hearings when no assistance is being offered to other parties."

So the application for funding was turned down at that time because it was to be used, in the opinion of your ministry, for the preparation of a plan that was to be used in opposition to the Niagara Escarpment plan. I think that's a fair interpretation.

Mr. Farrow: The only question I would have on that is whether it is in opposition, because it is my understanding that away back the commission asked for representation but we would not provide funds for those representations no matter which way they were. I think from the early part of that letter you read, Mrs. Beau-

mont made the comment "based on the information we now have." When they first talked about it to us, it was on the basis of preparing an amendment to their official plan; but when they then started talking about it being primarily for a presentation to the commission, we said, "No, we cannot fund it."

Mr. Swart: Mr. Minister, you may recall this, because a copy of this refusal to fund that plan was sent out under your signature to Mrs. MacMillan. You have had a change in the proposal which is before you at the present time. Can I ask you if you have the revised proposal before you in your ministry?

Mr. Farrow: I don't have it before me here. We will try to find it before we leave.

Hon. Mr. Bennett: You are referring to the revised proposal by—

Mr. Swart: By the Beaver Valley Planning Board.

Hon. Mr. Bennett: That is the one I said I was not sure about. Up until October 20, it would indicate nothing new had come back from Beaver Valley. You said on October 2; I think that was the date you quoted.

Mr. Swart: Yes. October 2.

Hon. Mr. Bennett: We will have to check to see if anything has come into our office since then.

Mr. Swart: That is the date on this document. We have no way of knowing whether you have it there, but I suspect that you would have it there, because in the various pieces of correspondence they stress the urgency over and over again of wanting to get this done so that they will have it in time for the supplementary hearings which are going to come in the not-too-distant future for that area.

Let me say, if you have not seen it, it proposes a change in the emphasis and a change in the three objectives which were submitted to you originally. I think I should read these three objectives. They are: "to evaluate the escarpment recreation area, minor urban centre and escarpment rural area designation of proposed plan for the Niagara Escarpment to determine the nature and extent of desirable development; to identify possible additional resort, residential and recreation development sites; and to establish physical design and environmental impact design criteria to be met for the approval of the development of these sites."

The new proposal, which you have before

you or will have before you—I suspect it is in there now—says the objectives for a proposed Beaver Valley secondary plan are:

"1. To assemble and document the existing environmental, physical, social and economic data base for the study area; and to refine and build on these data to provide an appropriate basis for a 1:24,000 scale secondary plan;

"2. To re-examine and refine the distribution and location of the seven land-use designations established in the proposed plan for the Niagara Escarpment, in a manner consistent with the provisions of the Niagara Escarpment Planning and Development Act;

"3. To prepare, in conjunction with a technical advisory committee yet to be established, a planning report which will provide the technical basis for a secondary plan of the study area; and

"4. To prepare, in accordance with the Planning Act, an amendment to the Beaver Valley official plan to implement the results of the study, for the purpose of obtaining the participation and co-operation of the inhabitants of the planning area."

From that clause 2, would you not think it is rather clear, when they say "to refine the distribution and location of the seven land-use designations established in the proposed plan for the Niagara Escarpment," that it is going to be used to oppose the Niagara Escarpment plan? Would that not be a fair assumption?

Hon. Mr. Bennett: Mr. Swart, as soon as I have the documents before me, my ministry people will do an analysis of exactly what is being requested in relation to what we asked for and to be able to communicate with the Beaver Valley planning people as to what our position will be. I do not intend to get into reading back and forth letters that I have not seen, nor my staff; so in due course we will respond.

Mr. Swart: I would like to submit some further evidence, if I may, that this is still the exact intent of the study of the plan. Have you or your ministry staff seen this document, dated November 4, 1981, and entitled "Beaver Valley secondary plan, community planning study grant, terms of reference from the Niagara Escarpment Commission"?

2:30 p.m.

Mr. Farrow: I have not seen it, but I have no doubt there is a copy in here, Mr. Swart.

Mr. Swart: I would think there likely is. I would just like to read from it. Incidentally, this is the report by the director, Mr. Brancor, to the commission; and this has been approved by the

commission. It states: "The principal objective of this study"—referring to the one I am talking about—"is to support the municipality's future appearance at the phase two supplementary hearing to oppose parts of the proposed plan." That is the proposed Niagara Escarpment plan.

I suspect that indicates rather clearly the intent of this study is the same as it was back in April, when it was submitted to you. Let me read to you a letter which I have here, dated October 1, 1981, addressed to Mr. Stipul, the manager of the London regional office of the community planning advisory branch, and signed by Mr. Ross Arthur, the planning director of Grey county.

On page two, I will read this sentence: "It may, however, interest you to know that we have advised the hearing officers of the board's undertaking of this study, and they have ruled that submission concerning same will be permitted at a time coinciding with the anticipated completion date of the consultant study activity as described."

They are having a hearing at the time that this study is completed. Would this not also indicate that the main purpose of this study is for use at the Niagara Escarpment Commission hearing, along with the other evidence, to oppose the Niagara Escarpment Commission plan?

Mr. McKessock: Supplementary on this, Mr. Minister: It seems to be my understanding that the Niagara Escarpment Commission has agreed to defer the supplementary hearings until this plan has been completed; so there is nothing wrong about this, in my view. A new plan is to come forward to bring certain things to light to make it a little easier for the supplementary Niagara Escarpment hearings to look at this area in a better light.

Hon. Mr. Bennett: Mr. McKessock, I would like to look into this question. The Niagara Escarpment Commission does not report to my ministry, obviously. I think you are aware of that. I am not sure whether they have decided to set aside this particular part of it in anticipation of the plans that will come in in the future. We will certainly make the inquiry.

Mr. Swart: Mr. Chairman, there is no question—it is on record—that the Niagara Escarpment Commission has decided it will have supplementary phase two hearings and that it will hear further from the Beaver Valley Planning Board. There is no question about that. That is not the issue.

The issue I am raising is whether money from

your ministry should be used for a study that is clearly designed and timed to oppose the Niagara Escarpment Commission plan, especially when it had already been turned down by your ministry. That is the issue I am bringing before you, not whether the Niagara Escarpment Commission should hold its supplementary hearings at a later date.

Hon. Mr. Bennett: That's right. I fully understand what your question relates to, and I said to you that to the best of my knowledge we have not received any communication in recent days.

Frankly, the terms of reference were given to them. If we look at planning in the province, period, rather than just trying to use the escarpment as the individual case here today, municipalities come in and secure funds from this ministry to afford them the opportunity to do some planning—official plans, secondary plans and so on.

Those plans, we trust, Mr. Swart and members of the committee, will be used for the better development of that particular community. I want to make it very clear that if it happened to be another—let's say, rather than an escarpment hearing, an Ontario Municipal Board hearing—and they used that plan to support their position, I would find it difficult to criticize that. That is the reason for the municipality having a plan and having it there for evidence whenever a case might come up.

What you are saying to me, Mr. Swart, is that if in any way a plan might be developed by Beaver Valley that would support its position in relationship to the Niagara Escarpment Commission, or the reverse of that on some occasions, it should not happen. I suppose we could put some confinement on it, but the purpose of our planning grants has been to establish official plans rather than trying to zero in as a report that will either support or reject something that some board, authority or commission is trying to do.

Mr. Swart: Mr. Minister, I thought the reply by Mrs. Beaumont set out rather clearly your position, which was that you were not going to fund a study the prime purpose of which was to oppose the Niagara Escarpment Commission plan.

Hon. Mr. Bennett: I would say that is absolutely correct.

Mr. Swart: Okay. I want then to—

Mr. McKessock: Mr. Chairman, I would like

to say I am quite convinced that is not the reason for the plan, to object to the Niagara Escarpment plan. That is not the case at all.

Mr. Philip: It is always good to hear from the right wing of the Conservative Party.

Hon. Mr. Bennett: I trust that Mr. McKessock is entitled to an opinion.

Mr. Philip: Oh, sure. So am I.

Hon. Mr. Bennett: No one is arguing with that.

Mr. McKessock: Before Mr. Swart finishes in this area, I want to say a little more as a supplementary to this.

Mr. Swart: Mr. Chairman, I have already read into the record a statement by Mr. Ross Arthur. I can read it in again if you wish.

Hon. Mr. Bennett: You can read it as many times as you want, Mr. Swart.

Mr. Swart: That is the purpose of this proposal and, in fact, the hearing is even being delayed until the plan is completed. I have read into the record what the Niagara Escarpment Commission said on the evidence it has received from the Beaver Valley Planning Board, that this is the main purpose, and they use those words—this is dated November 4—the “main purpose” of that.

Mr. McKessock: Would the Niagara Escarpment Commission agree to delay if it thought the planning board was going to directly oppose it?

Mr. Swart: Mr. Chairman, the Niagara Escarpment Commission hears everyone who wishes to make a representation. It does not rule out those who may oppose it, and I am sure a hearing officer would not permit it to take the position if it thought people were going to oppose it; therefore, it would not hear them.

Mr. Epp: Do you think it would hear Mr. McKessock, who has been accused of being on the right wing of the Conservative Party?

Mr. Swart: Oh, I am sure it would. It would hear anybody, however irrelevant he might be.

There is no question that these are open hearings. I am not here to accuse the Niagara Escarpment Commission of not wanting to hear opposition. But the real question is whether this is going to be funded out of public funds to oppose the Niagara Escarpment Commission, which is also being funded out of public funds and is a branch of the same government.

Hon. Mr. Bennett: You should know something about that with the way the Preservation

of Agricultural Land Society got money out of legal aid. That was also the same government funding—

2:40 p.m.

Mr. Swart: Yes, in lieu of the government being there to defend its own policy—

Hon. Mr. Bennett: You can justify it if you go round long enough.

Mr. Swart: —the OMB pointed out that in the absence of government—

Hon. Mr. Bennett: I just took it that you were referring to double financing by a government, period, of any given project.

Mr. Swart: Yes.

Mr. Philip: You might like to look at the statements on legal aid by the parliamentary assistant on that, which suggest that groups such as that may not be getting legal aid in the future because they are “taking an activist position.” So there is no guarantee that other groups will get aid like that.

Hon. Mr. Bennett: I was not referring to there being a guarantee. I was referring to the fact that Mr. Swart was the very same person who thought it was a great success for PALS to get the money.

Mr. Philip: If you do not do your job, somebody has to do it.

Hon. Mr. Bennett: We do our job, Mr. Philip. Don't you worry about that.

Mr. Swart: The OMB made reference to the absence of anyone defending the government position. In that absence, PALS performed a very useful function. If you read the decision of the OMB, you will find that there, Mr. Minister.

Hon. Mr. Bennett: Lots of people have lots of views and express them accordingly, and that is fine. But let me just come back to the question we were on.

Mr. Swart: Well, perhaps—

Hon. Mr. Bennett: Do you want me to answer, or do you want to continue to talk?

Mr. Swart: Mr. Minister, perhaps I should put into the record two or three more bits of evidence you might want to reply to at the same time.

I presume you are aware that the firm proposed has been hired by the Beaver Valley Planning Board. It is Ecological Services for Planning, a company that has already been hired by the aggregate producers to oppose the plan in principle. I have the documentation here, the firm's submission to the Niagara

Escarpment Commission. It made a submission to the Niagara Escarpment Commission on behalf of the aggregate producers which was, in effect, in almost total opposition to the plan. That firm has now been hired by the Beaver Valley Planning Board.

Let me document that from the November 4 statement by the director of the Niagara Escarpment Commission in which he states—I am sorry; there were two documents, included one dated April 28. I quote, under “Consultants” on page four: “The planning board has selected Ecological Services for Planning to do the study.” That is the study for the Beaver Valley Planning Board. “This is the same firm used by the aggregate producers of Ontario to oppose the proposed plan at the phase one hearing at Owen Sound. Based on the consultants' previous performance and planning approach, it is probable that they will approach their task with certain biases.”

I think that is perhaps not an unfair statement to make and may be one of the reasons that firm was hired by the Beaver Valley Planning Board to prepare a study to be presented to the Niagara Escarpment Commission in opposition to the Niagara Escarpment plan for that area.

I might also point out to you, Mr. Minister, that there are proposals afoot at present for disbanding the Beaver Valley Planning Board. I quote from a newspaper article from the Valley Courier on September 9, 1981: “The members [of the planning board] passed a motion on a recorded vote to direct the county staff to prepare a report on the possibility of disbanding the board.” Mr. Keast, who moved the motion, stated, “All we're doing lately is rubber-stamping whatever the reeve of the municipality involved wants.”

So it was moved, seconded and agreed to do a study relative to disbanding the board, because it was being used solely for the purposes of the municipalities in the area to do their bidding. Perhaps you may wish to comment on that.

I have provided this documentation, which seems to me to make it perfectly clear that this proposed study is for the purposes of opposing the Niagara Escarpment Planning Commission.

Perhaps I should put to you one other thing at this time. I am sure the minister is aware that once the Niagara Escarpment Commission plan has been approved, then all other plans must be brought into conformity with it; it overrides all other plans. If this proposed secondary plan is really for the purposes of amending the official plan of Grey county, wouldn't it seem to be

rather good that it be done at this time before the Niagara Escarpment Commission has produced its plan, and it will obviously have to be done, although it could very well have to be done all over again at that time?

In fact, the Beaver Valley plan itself states, and I quote from subsection 2 of the special policy areas section, headed "Policies applying to Lands of Provincial Importance." The subsection states: "Certain areas have been shown on schedules A and C as special policy areas"—which this is. "It must be noted that these are interim policies only and will be revised after due consultation with the municipality once the Ontario government has reached its decision on the Niagara Escarpment . . .

"(a) Special Policy Area 1:"—which this is—"Because of the special characteristics of this area and its provincial importance, no development will be permitted until the provincial policy for the preservation of the Niagara Escarpment is defined. At such time, the official plan will be amended after due consultation with the municipality to bring it into conformity with the provincial policy."

That is the official plan, which there is no proposal to amend—at least, they have no applications in for amendments yet. But at the same time they are going ahead and preparing a secondary plan.

May I ask the minister, in view of all this documentation, would you not think the plan is being prepared to oppose the Niagara Escarpment Commission plan and wouldn't your decision back in May apply to this proposal as well?

Hon. Mr. Bennett: I have said already, Mr. Chairman—I don't know why I have to repeat it several times—I would review the situation. I want to make it very clear so there is no misunderstanding. We have funded many municipalities across this province in doing amendments, to do their official plan and secondary planning and so on.

I want to emphasize the fact that while I think it is important they get on with their planning and so on, and we will allocate a portion of funding towards the planning, provided they meet the criteria, if I am of the opinion—and that really means my staff, in doing their review or analysis of the request by Beaver Valley or indeed by any other municipality—that the purpose of doing the study is to try to use it exclusively or primarily for the purpose of opposing or supporting an application position before the OMB or the Niagara Escarpment Commission, then obviously the terms of refer-

ence we have laid down, and the terms of reference we referred to back in May when we turned down the original request, would still be applicable.

I want to make it clear, Mr. Swart, that if a municipality or any planning group gets a grant from us to do a study, if it is in the general best interests of that community, so be it. If in the process, after it is completed, it is used in some way to support or defend a position they wish to take and if the council concurs in that—and I want to underline that, if the council concurs in that—so be it; that will not disqualify the rights of anybody coming in here in the future to look for provincial support in the planning area.

2:50 p.m.

You asked another question which related, as I recall, to a motion or a proposed disbanding of the planning board. I did not get all of the verbiage, but I guess it was asking somebody to do a review of the situation and to report back. I gather what they were looking at was going into a county planning board rather than into a local planning board. I think that to comment positively on it, one way or the other, would be out of order until I know all the details that are involved.

Mr. Swart: As you would suspect, I raised that within the context of the fact that we have a board that is continuing on an interim basis and yet is wanting funding to oppose the Niagara Escarpment Commission.

Hon. Mr. Bennett: There was one other question that related to some planning firm that I would not know from a bale of hay. I have to tell you that planners, or lawyers for that matter—and I do not say this of them in any disparaging way—can usually design their case to suit the client they are representing. There are occasions when they can be going for something and you can find other cases where they are going the other way. I have had examples on my desk where a legal firm has one argument going in one direction in one city and has another argument in another city going in exactly the opposite direction. I would not want to use the phrase "like a hired gun," but I guess it would not be too far from it.

Mr. Swart: When it is the same case, before the same Niagara Escarpment Commission, then it seems to me there might be some conflict of interest. If they have given evidence one way, in opposition to the whole plan, it is very unlikely that they would turn around and give evidence the other way before the same judge.

In fact, it is more likely, and I think this is not an unreasonable assumption, that they were hired particularly because of their opposition to the Niagara Escarpment plan.

Hon. Mr. Bennett: Again, Mr. Swart, we get down to the point of whether the minister should have the right to tell them who they are going to hire. What we are talking about is autonomy, and that is what we are really coming to: if I disagree with whom they hire, maybe I should not give them a grant if we are proposing to do so.

Mr. Swart: You realize that I am making that comment as further evidence, and it is certainly substantial, that the Beaver Valley Planning Board is proposing this plan to oppose the Niagara Escarpment Commission. I am sure you realize that is the purpose of making that, and it surely must be evidence that you would want to consider in determining whether that is the main purpose of this proposed study.

Hon. Mr. Bennett: I have a very competent group of people in the ministry. You have met most of them at one time or another. You may not always agree, but at least they use their best judgement in trying to recommend the course of action to the minister that should be followed in the long-term best interests of not only the escarpment but also the people of Ontario.

Mr. Swart: In view of the proposal, which I believe was actually put forward in February by the Beaver Valley Planning Board, and in view of its implications with regard to the Niagara Escarpment Commission, has the minister had any consultation—

Hon. Mr. Bennett: On which? I am sorry.

Mr. Swart: I say, in view of the application that was made for funding of this study and proposals to proceed with it, which application I think was made back about February—

Hon. Mr. Bennett: March.

Mr. Swart: In view of its implication with regard to the Niagara Escarpment plan, has the minister had any discussion with the Provincial Secretary for Resources Development (Mr. Ramsay) on this as to who has responsibility for the—

Hon. Mr. Bennett: You are referring to any discussion with the provincial secretary relating to the original application?

Mr. Swart: Relating to the original application or the later one. That was just a supplement; it was the same application.

Hon. Mr. Bennett: The initial application was made back in March 1981 by the Beaver Valley Planning Board. They submitted an application to prepare development and feasibility studies for the part of the Niagara Escarpment for which they report.

We had the opportunity of requesting the views of more than the Ministry of Municipal Affairs and Housing. The Ministry of Natural Resources, the Ministry of the Environment and the Provincial Secretariat for Resources Development also were asked for some expression of opinion.

August was the last time we wrote to them. We said that we did not concur with it and offered them a grant, provided the study met certain conditions. To my knowledge, we have had no further discussions with the other ministries. We have already had an indication from them which direction they would like to go in.

I repeat to you that if they have made some decision by one or another party since October 2, it has not been communicated.

Mr. Swart: Can I ask a supplementary to that? Am I to understand from what you say, that although you have notified the Beaver Valley Planning Board and Lyn MacMillan, the president of the Coalition on the Niagara Escarpment, that you intend to give the grant—the likelihood is you will give the grant for the study—the ministry has not notified the Provincial Secretariat for Resources Development that you are likely to give this grant now?

Hon. Mr. Bennett: Not any more on this grant, let me tell you, than I do on any other of the 150 or 200 grants we give out each year.

Mr. Swart: Why? Do you not think there is some difference when you have already turned this down? Do you not think there is a difference when you have turned down the original application for this and that it is all on the Niagara Escarpment that we are concerned about? Do you not think there might be some reason to have notified them if you intend to proceed with the grant?

Hon. Mr. Bennett: We have not proceeded with the grant. I think I have made that very clear.

Mr. Swart: You have notified at least two groups that you intend to.

Hon. Mr. Bennett: You have missed the key words, Mr. Swart, which are, "If certain conditions are met." I do not notify the Provincial Secretariat for Resources Development about a

grant that might be made to the region of Waterloo, the region of Ottawa-Carleton or any individual municipality. I suppose there are some who could say there are certain sensitive lands in those communities that would justify the Provincial Secretary for Resources Development knowing about. Planning, basically, is a local responsibility within the guidelines of the provincial policy.

I do not intend to start advising the policy secretariat every time we anticipate, or make, a grant on a planning program.

Mr. Swart: Even though you have written, and I use the words that you "will likely" be providing approximately 70 per cent of the study costs, after they were given to understand that you were not going to fund that study, even though it is on the Niagara Escarpment Commission, you do not notify the secretariat that you are likely going to change your mind?

Hon. Mr. Bennett: Just a moment, Mr. Swart. Let us not confuse the issue. You surely understand English. I said very clearly, and I am only going to repeat it once more and then you can ask the question for the rest of the afternoon if you want and that will be your business, "if they meet the conditions that we have established in relation to the grant."

We already know the Provincial Secretary for Resources Development's views because, as I said earlier and I repeat it, we already asked for his views in relation to the grant that was requested back in March 1981 and which we turned down. In August 1981, we indicated we were prepared to give further consideration to a grant, under the normal conditions that we do it, provided they met certain conditions.

Do not confuse the issue by saying we are changing our minds. We made very clear, and I underline it again, that if the conditions were met, the same grant would be given to this municipality as to any one of 838 across this province.

Mr. Swart: Could you then produce the letter to Mrs. MacMillan, a copy of which I have here, which says it will likely be paid? Have you some pretty firm evidence that they have met your conditions? Does that mean there has been a change in the terms of reference?

Hon. Mr. Bennett: Mr. Swart, either you do not listen or you do not want to listen. I said very clearly that as of October 20, it is my understanding that the planning board was to meet and see whether it could meet the conditions.

To the best of my knowledge, they have not communicated with my ministry as to whether they are prepared to meet those conditions.

Mr. Swart: So your position is exactly the same as it was back in April, that if the primary purpose of this study is for it to be used in opposition to the proposed Niagara Escarpment plan, it will not be funded?

3 p.m.

Hon. Mr. Bennett: I said, and again I repeat myself, our determination is whether the plan being designed and developed by a community, whether it be an official plan or a secondary plan, is primarily for the purpose of good planning in that community and producing the amendment to the official plan. If it is in the best interests of that community, that is a planning decision they have to go through.

I did say to you very clearly, whether this document is used at some time or other in a defensive position at an Ontario Municipal Board or Niagara Escarpment Commission hearing, that is something that comes as a result of a plan. The primary reason for giving a grant is not so they can go out and do an amendment to an official plan that will become a documented piece of evidence from a professional group to oppose something at any given board hearing.

Mr. Swart: Would you not think that when it is stated from the planning director that the Niagara Escarpment Commission is going to hold a supplementary hearing when this plan is finished that they have agreement from them to do that? I see you shaking your head, Mr. Farrow. I read into the record that they have that agreement. The planning director has an agreement that they will hold the hearing when this plan is finished. They will wait until the study is finished.

They have hired the firm that is going to be presenting more exactly their proposals before the same Niagara Escarpment Commission and before the hearing officer, under the proposed terms of reference which you say you have not yet accepted, but they are proposed terms of reference they have submitted to you. I would like to have any counterproposals if you have them.

Hon. Mr. Bennett: I have not even seen the letter you are referring to. That is the third time we have answered that.

Mr. Swart: In any event, you have proposals submitted to you, from which I presume it is reasonable to conclude that they are fundamen-

tally the same. The wording is different. They have added that it is to be used in the official plan. Apart from that, the rest of it is the same, except it indicates a broader attack on the Niagara Escarpment plan. There are seven areas they are going after now, and they were only going after three areas before.

When this plan is being prepared, knowing full well that any plan will have to be brought into conformity at a later date with the Niagara Escarpment Commission plan, would that not indicate to you that the main purpose of this plan was for opposing the proposed Niagara Escarpment Commission plan?

Hon. Mr. Bennett: I am not prepared to prejudge it, Mr. Swart. I will do it when I get the terms of reference and so on and make a decision at that time.

Mr. Swart: Let me put it this way then. Let me state to you unequivocally that there is not the slightest doubt in my mind, after going over all the evidence, and I think in any impartial observer's mind, that the original plans—

Hon. Mr. Bennett: Do you consider yourself an impartial observer?

Mr. Swart: I said in "any impartial observer's mind"—that the original intent, as your ministry has stated, was for the prime purpose of opposing the Niagara Escarpment plan. There have really been no fundamental changes in it since that time. That must still be the same purpose and is the same purpose.

Here we have two ministries of the same government, on the one hand using public funds to promote the Niagara Escarpment commission plan, and on the other hand there is the likelihood—using your own words—of providing funds to fight it.

Hon. Mr. Bennett: You have assumed something. You have constantly said you are assuming this. You can go ahead and assume whatever you want, Mr. Swart. I said I will make the decision once we have had all the material brought before us.

Let us not ever get the idea that because we have to fund a plan, whether it be this plan or any other plan, it is not going to be found that we are in opposition from a certain day down the road. I am sure there will be many plans that will be in opposition. You can chuckle. I hope to hell you get a charge out of chuckling. I am saying honestly there are times when—

Mr. Swart: Down the road? They still were not being well represented until June so they moved this winter to oppose the Niagara Escarpment plan.

Hon. Mr. Bennett: You want to lock yourself into the escarpment issue because you can certainly make general comments about the government and its finances—

Mr. Swart: Specific comments.

Hon. Mr. Bennett: General comments when you start talking about double government expenses coming from two different ministries. That happens day in and day out. Look at the field of law. We have legal aid being paid for entirely by the province, but even in the field of legal aid we could well be in the court fighting the province. That is a double expense by government.

I have never come to the opinion that because we finance, fund, grant a municipality money towards an official plan or lend to an official plan, it may not rise up to be a conflict between my ministry and that particular operation and find us both before the Ontario Municipal Board because we cannot agree. That is still double funding.

I am saying clearly to this committee and to those in this room who wish to listen that I have not made a decision on it. I will make a decision when I have the information before me. I am not prejudging it.

Mr. Swart: Let me conclude with two comments. I do not disagree with your funding the production of studies and official plans. I have no objection to that. But your ministry has made a statement that you will not fund a study which is being used primarily to fight the Niagara Escarpment plan. That is a fundamentally different thing to some plan you have funded being in conflict down the road with something else. I think you would agree. That is why I am objecting to it.

If all this evidence which is available even more to you than to me does not indicate to you that the prime purpose of this is to fight the Niagara Escarpment plan, then you have one more blind eye than Nelson had. It is so obvious.

Hon. Mr. Bennett: They are both open and watching what is going on. I am not blind.

Mr. Swart: We will see.

Hon. Mr. Bennett: I have said it was inappropriate. That is the principle we have used all along. Mr. Swart thinks I should go ahead and prejudge what this particular group is going to do. Mr. Swart, I would have to think that, regardless of what my decision should be, they are likely to go ahead and do an official plan

amendment. The council and the planning board think it is in the general best interest of that community.

Mr. Swart: You may be right.

Hon. Mr. Bennett: Whether I fund it, you fund it, the taxpayers of the local community fund it or the county funds it, I have to think with the sincerity that has been displayed—

Mr. Swart: But getting a letter saying it is likely to be funded would help them go ahead with plans they already have.

Hon. Mr. Bennett: That is a decision for them to make. They are asking for an opinion. I can express one without a commitment. If it likely means you are going to do it, then fine. But I do not consider it that way.

Mr. Chairman: The clerk tells me we have until 4:59 p.m. I have to exercise my prerogative and round that out to five o'clock. That gives everybody an extra minute.

Interjections.

Mr. Epp: I thought you were being liberal.

Mr. Chairman: I did not want to use that word. I suggest that at about 4:40 p.m. we cut off all debate and start whatever votes are lacking. If you want to spend all day on this one vote, I am suggesting we cut off all debate and get into whatever votes are left to be debated at that time and simply go through the motions of voting.

Ms. Bryden: Mr. Chairman, I would like to suggest something a little more precise. We have 110 minutes left, I figure. I suggest we spend 30 minutes on vote 2204, community development; 40 minutes on vote 2205, Ontario Housing Corporation; and 30 minutes on municipal affairs. That leaves 10 minutes for any others I did not mention. Those are the three most of us are interested in. I would like to move that. Perhaps we could spend the other 10 minutes on the balance of vote 2202 or vote 2203.

3:10 p.m.

Mr. Chairman: I think we decided we would just let things flow, get into everything we possibly can and wrap up as much as we can. It seems we have spent a long time on two items so far today, one this morning and one this afternoon.

Ms. Bryden: But if we have that sort of allocation, then whether they are flowing or not, we just cut off and move on to the next vote, so we are sure to get something on those three votes. I would like to make that a motion.

Mr. Epp: I am not opposed to that provided there is a fair distribution of time between the different parties for that vote, because we would not want one party to monopolize 40 minutes and then say, "Look, this is it," and nobody else can say anything on it.

Mr. Chairman: It is up to you but I do think we have to cut off at a certain point and wrap up all votes.

Ms. Bryden: Would you like to take my motion that we take 10 minutes on finishing up votes 2202 and 2203? We have not yet finished vote 2202, have we?

Mr. Chairman: Mr. McKessock has a supplementary. Mr. McEwen has not been heard yet. Your party has monopolized the first hour of the sitting this afternoon.

Ms. Bryden: I am willing to extend that a bit if we are not finished vote 2202. I was assuming we were almost finished vote 2202.

Mr. Philip: Stuart Smith took an hour this morning.

Mr. Chairman: As I was saying, we took two hours on two items.

Ms. Bryden: As far as I know, nobody wants any time on it. Would 20 minutes on votes 2202 and 2203 be sufficient?

Mr. Epp: I would think so.

Mr. McKessock: I think it will take me only a couple of minutes to correct what has been said in the last hour. I am sorry that Mr. Swart—

Mr. Chairman: Would you excuse me just a minute. We had better deal with Ms. Bryden.

Ms. Bryden: I am willing to go to 20 minutes on votes 2202 and 2203.

Mr. Chairman: That is fine.

Ms. Bryden: Then we could spend 30 minutes on vote 2204, 40 minutes on vote 2205 and 30 minutes on vote 603. I think that adds up to 110 minutes.

Mr. Chairman: We have missed vote 2203 entirely.

Hon. Mr. Bennett: We have 608.

Ms. Bryden: I thought that was 603.

Hon. Mr. Bennett: I am sorry, 603, you are right. That is why we added three hours in the estimates to deal with municipal affairs.

Mr. Philip: Let us proceed unless you want to add another 10 hours to the estimates.

Mr. Epp: I think we should try to finish this thing up today. I do not think it is fair to add any more time on to this because there are other

ministries that want their estimates discussed and I would disagree with Mr. Philip on adding another 10 hours.

Mr. Philip: I was being facetious.

Mr. Chairman: We have a motion.

Mr. Wildman: I second the motion.

Mr. Chairman: That you have 20 minutes on vote 2203.

Ms. Bryden: Thirty minutes for 2204, 40 for vote 2205 and that leaves 20, I guess, for 603.

Mr. Chairman: We have an hour and 45 minutes left as of now. We will vote on that motion.

Motion agreed to.

Mr. McKessock: Mr. Chairman, I am sorry Mr. Swart has been listening, I feel, to the wrong people who have misled him on this issue about the Beaver Valley and the Niagara Escarpment. I think they should take a trip to the area and maybe talk to the Beaver Valley people or the ski establishments in that area, to the Beaver Valley Planning Board or some of those people who are directly related.

I feel he may have been talking to people who have lived 100 miles or so from the area and it is hard to determine really what is right for the area from that distance. I expect the new—

Mr. Swart: Do you support the commission or do you oppose it?

Mr. McKessock: I expect the new secondary plan for the Beaver Valley will allow more development in that area, but it is not to oppose the Niagara Escarpment. It is not opposition, but logic. Hopefully there is room for some logic, even in a poor plan. The original plan did not designate enough land for development in the Kimberley area. This area has been designated a four-seasons area by the government of Ontario.

If it is a four-seasons recreation area, these ski hills must have facilities for the skiers and places for their clientele to stay. The present designation in this area for development is minimal. Areas for development of any significance are 15 miles away from the Talisman resort, the Beaver Valley Ski Club and the skiing establishments in that area. This is too far away to be feasible and viable for a ski establishment.

The Niagara Escarpment Planning and Development Act itself agrees with recreation areas and the developing of those areas. Even if we look at the Niagara Escarpment Planning and Development Act, I do not think there is any way we can oppose more development in the

Kimberley area, enough to justify having those ski establishments in that area if we want to see them viable. We must have some come and go to establish viable recreation facilities in what we call a four-seasons recreational area which has been so designated by this government.

I just wanted to point out there are good reasons for what is happening there. The government is part of it. The people in the area are part of it. I think if Mr. Swart would like to get the true facts he should go to the area and speak to the people I have mentioned.

Mr. McEwen: I would like to return to the comment made by Mr. Farrow. Is he returning? I will speak to the minister. In his comment referring to the question asked about development of small communities and his reference to not allowing development in those areas, even if an official plan was presented, I take it it is possible that development would not be allowed.

I am looking at two of the small municipalities in the great riding of Frontenac-Addington, Clarendon and Miller township and Palmerston township. Four years ago they presented a plan of development for some housing, recreation, an airstrip and some other points of development as well. At that time it was recommended they get an interim plan. It has about four years now and it has not been completed.

I want to say these municipalities were pleased to receive provincial funding to assist them in presenting some sort of plan so some development could take place. I am led to believe by Mr. Farrow's comments that the request for development may be rejected even after these four years and the funds that have been spent.

Hon. Mr. Bennett: I suppose I could fairly say it would be reviewed upon requests for certain developments. I will have to ask Mr. Farrow if he is knowledgeable about the two townships of which you speak as to whether they have made applications for some kind of development.

Sometimes we find municipalities making an application for some type of development and the financial obligations that come from it would be greater than they can entertain. To some degree, it is the responsibility of this government to make sure people do not just start marching down the road. All of a sudden, they are into a problem where they have to have some substantial provincial funding. What were the two townships you mentioned?

Mr. McEwen: Palmerston township and Clarendon and Miller township.

Hon. Mr. Bennett: Mr. Farrow, do you have any current knowledge on those two townships?
3:20 p.m.

Mr. McEwen: What I was referring to is your comment that even after an official plan has been approved you do not allow development in small communities.

Mr. Farrow: If the official plan sets forth policies for allowing development to take place then it will be permitted. But there are some cases, even with an official plan, when it is decided with the municipality and the various agencies with whom we deal that it is inappropriate to have permanent development.

Mr. McEwen: But in the reply to Mr. Wildman he did not say that. He said—

Interjections.

Mr. McEwen: But your associates—your consultants, the so-called experts—have been in on the preparation of any official plan or any interim plan for those two communities. Why would you say, even after some indication that it may be seasonal, residential, et cetera, that you may not approve any plan?

Mr. Farrow: If I left that impression I am sorry. We will permit development which the official plan envisages and sets out. We do have some official plans that are produced that end up by not permitting certain types of development. We would not permit that development once the official plan is approved. But in the area we were referring to we expect the official plan is going to permit seasonal use, and it may in some very specific areas, or in very limited numbers, permit some permanent use.

Mr. McEwen: I think you went a little farther than that. You said it would be necessary to join to Deep River or some other—

Mr. Farrow: I said in the cases where there is no official plan we have allowed some development to take place where there is adjacent urban development.

Mr. McEwen: Why would you make the stipulation that it must be adjacent to past development?

Mr. Farrow: The basis of that is if there is permanent development along certain lines we can allow an extension of that even though there is no official plan. Some development strategy, some policy, some form of development has been established. But in the one Mr. Wildman asked us about the township has no, what I think Mr. Wildman called urban development, in it. Therefore to allow a subdivision that would not be connected physically or even in the vicinity of any urban development does not fit in with our policy.

But if there is an official plan which shows that land can be developed for recreational, permanent—

Mr. McEwen: To add to the sour grapes side of it, is the reason for your funding so that you will have a paper to oppose any applications from the Ontario Municipal Board?

Mr. Farrow: In the one Mr. Swart is referring to? No, but in general we fund municipalities, as the minister pointed out, to produce official plans or to amend official plans.

Mr. McEwen: Are you saying, then, that the official plans for these municipalities, if they indicate residential, will be considered for approval?

Mr. Farrow: Yes, sir.

Mr. Wildman: I understood Mr. Farrow to say in response to my inquiry that when and if the official plan is completed for the township I was referring to, and if it allowed for some residential development, then the ministry would be prepared to look at any proposals for residential development subdivisions and if they fit in with the plan, to provide approval for them.

Mr. Farrow: There is the detail that when a plan comes in we would have to send it to Environment and Natural Resources—all the other agencies. They may find there is a swamp in a small part of it. It would not be approved then.

But you are quite correct, Mr. Wildman, that is our basis.

Mr. McEwen: But you also said you would reject it.

Mr. Farrow: No, I do not think I said we would reject any development in an area where the official plan was approved and it gave policies for that form of development. We would not reject it out of hand. It may be rejected because of some specific condition but we would process the thing.

In the case Mr. Wildman brought up this morning, we did not go through the details of asking for all the environmental assessment from the various agencies. We said there is no policy for development locally and the provincial policy is no development of a permanent nature until there is a local policy in the form of an official plan. Once there is, we then consider it for approval.

Mr. Epp: I want to draw the minister's attention to a letter that was addressed to him September 29, 1981, from RR13, Thunder Bay.

It was signed by a Mr. Wolfgang Huempel, chairman of a ratepayers' group. The letter concerns the township of Shuniah and refers to section 323 of the Municipal Act. I guess they are asking for a public inquiry into a number of actions on behalf of the planning board and council and so forth. The charges in that letter, I feel, are very serious. I am just wondering whether the minister is aware of it and what he is planning to do about it.

For instance, they refer to possible conflicts of interest by municipal officials. They ask why certain people on council and planning board rejected all estate residential applications from the rest of the private sector with the exception of Silver Harbour Acres Limited, which has as its president the former reeve, as well as two other officers who are also officers of Lillvin Limited.

They have about seven pages listing all kinds of problems. They ask: "Should the municipal clerk be allowed to tape conversations of council and planning board meetings between township officials and members of the general public without the public being told they are being recorded. Why is the clerk's interpretation of council and planning board discussions per summary printed after being allowed to differ so greatly from the actual discussions?"

They refer to a commission of inquiry request of May 5, 1981, and ask: "Why were the ratepayers of Shuniah, including two members of council, a member of the committee of adjustment and a member of the planning board, in their request for a commission of inquiry, misled by the Thunder Bay manager of the Ministry of Intergovernmental Affairs? In subsequent discussions regarding complaints, why did the local ministry handle the request in a most prejudicial manner instead of having an independent analysis of the documentation at hand?"

I think these charges are very serious and I am just wondering if you have established a board of inquiry—

Hon. Mr. Bennett: No.

Mr. Epp: —or something to clear the people, if they should be cleared, of any wrongdoing. Certainly I would think you would not want these charges to be left unanswered and I would think the only way to answer them would be through some kind of board of inquiry.

Hon. Mr. Bennett: Mr. Epp, that might seem to be the simple way of doing it, but I mentioned this morning the number of times we get letters

from people, associations and so on, saying, "Let's have a board of inquiry." I remarked this morning that I was rather surprised the number of times individuals or organizations or professional groups will say they think something is being done wrong in a community. Where it is a question of conflict, there is the Municipal Conflict of Interest Act—we hope there will be a new one shortly that will give them stronger grounds to take a case before a judicial tribunal.

I do recall the letter. I do not recall it in complete detail, obviously, but we have gone through it and either responded to the gentleman in question or are in the process of responding to him, after having done some preliminary reviews by our municipal affairs people. This comes under municipal affairs, because even though they are first applying to the ministry generally, it is really the municipal council and planning board he is referring to. So I have asked them to get whatever I have on that file and will be glad to pursue it further with you this afternoon, if you wish.

3:30 p.m.

Mr. Epp: Would you, in responding to this, send me a copy of your response and your reply to the various serious accusations?

Hon. Mr. Bennett: Yes, I am not trying to either diminish the importance of it or raise its importance. I am just saying people write to you and sometimes there is not all the backup information you need. That is why we send the municipal affairs people in to try and do some kind of checking. We do not intend to become the judicial inquiry body, but we do try to get some preliminary information so that if I am going to respond I have some basis on which to make the decision whether we will or will not proceed with any kind of an official inquiry.

I have advised a number of them to look at the Municipal Conflict of Interest Act, because a lot of it seems to come under conflict of interest and it should not take an inquiry. If one really believes there is an infraction of the rules then any action should take place under that act where a case can be made before the court. I do not know what the success ratio has been one way or the other.

Mr. Epp: This could come under municipal affairs, but it also could come under planning because they mention planning, committee of

adjustments and all those. Six of one and half a dozen of the other, I suppose. It would not preclude you from answering that—

Hon. Mr. Bennett: If they write to me, I think it is time—

Mr. Epp:—the Minister of Municipal Affairs and Housing will contact them.

Hon. Mr. Bennett: I will be glad to get you a copy of whatever our position is.

Vote 2202 agreed to.

Vote 2203 agreed to.

On vote 2204, community development program:

Mr. Wildman: I wonder if you or your staff could give me some update, Mr. Minister, on the progress, or lack of it, in providing low rental housing to fill the need that has been perceived over some years in the township of Michipicoten in Wawa. I would also like to hear about further development of rent-geared-to-income housing in Blind River and the Sault north planning area—those two areas as well. I do not know whether you might have that information with you.

I understand there was supposed to be some kind of decision made by the end of October in the case of Wawa. That was an extension of the time that was originally set forth. I have had meetings with the municipal officials and with ministry officials on this. It looked as if we had an agreement—that was a couple of years ago—but it has taken some time and now there appears to be some problem. I think there were some difficulties with acquisition of land and now there appears to be the argument there may not be the need there was originally. I do not know what has happened with that.

Also, I understand there is some difficulty with obtaining a suitable site in Blind River for the units that have been approved there. I would also like it if you could give me some information as to how you go about providing perhaps a senior citizens' apartment complex or whatever in an area that is not municipally organized but does have a ministry-approved and -appointed planning board which has served as a vehicle for an application for that kind of housing in the area.

Mr. McDonald: Mr. Chairman, I do not have the specific information on each of those individual communities with me. I could get that information and forward you a detailed report within the next couple of days, both on the need-demand studies that take place in that

area, from the method by which land is purchased and approval is given to the actual construction of dwelling units, for families or seniors, whether that be through OHC or through the municipal or private nonprofit. We will endeavour to get that information out to you by Friday.

Mr. Wildman: I understand there is to be a community meeting about this next Wednesday in Wawa and officials of your ministry—I do not know if it would be Mr. Sloan or whoever—I will be in attendance.

Mr. McDonald: We would get it to you this week before you leave for your riding so that you will have the information.

Mr. Wildman: Thank you. I appreciate that. I have one concern I would like to relate to the minister. I do not know how you would resolve this. It does seem that in some of these cases, especially with senior citizens' apartment units—I can think of one specific example in the townships east of Sault Ste. Marie, such as Macdonald, Laird, Tarbutt and Johnson, where there has been a perceived need, the Algoma district housing authority has seen a need—there have been applications and there have been various problems, whether in obtaining a suitable site, getting the number of applications needed, or having people move into the city and getting into senior citizens' housing because they cannot wait, and then eventually coming to the point where the ministry is ready to go and then it appears the need has dropped because they may have got other kinds of housing. If there is some way to speed up the process it might be very helpful.

Mr. McDonald: We would look into that. With respect to Wawa, the meeting on December 2 is a public meeting to encourage additional applications for what apparently is a lack of need in the area, from the information we and the local officials have. I would endeavour to put that information in with the other criteria.

Mr. Wildman: Two or three years ago there was no problem with need. It appears the number of delays may have led to people moving away or finding other accommodation. Anyway, the need is less. But you still have some people who are in serious need, and because the total numbers have dropped we may have the situation—I hope this does not happen—where the provincial authorities decide they cannot go ahead because there is not sufficient need. Those few still in serious need would be left out in the cold.

Mr. McDonald: On Wawa specifically, I do have some information here but not for the rest of the area. The information I have is that a municipal housing requirement in the local community was, in August 1978, for 24 rent-geared-to-income housing units in the township.

The site was selected and a feasibility study prepared which indicated the site would accommodate the proposed development. In view of the projected high servicing costs, the municipality agreed to undertake this work at a favourable price. Prior to purchasing this site and tendering the project, the local housing authority found the need had decreased and it could not support the project.

At the request of the council for the township—and some time had passed; I do not know the intervening problem because I was not there—the township local service groups were given until September 30, 1981, to determine if their clients who needed housing had applications on the housing authority waiting list. As of October 1, 1981, the waiting list had not substantially increased.

What we are endeavouring to do, in conjunction with the local community, is to have this public meeting to see whether there is more need we have not uncovered so that we can get on with it or not get on with it.

Mr. Wildman: Thank you. I would appreciate it if you can give me the information on the other ones as well.

3:40 p.m.

Mr. Brandt: Mr. Chairman, just a comment and a question to the minister: First, I would like to acknowledge the assistance the province, through your ministry, has provided to municipalities by covering the 7.5 per cent subsidy and by absorbing that. That has come as a substantial amount of assistance and has reduced the burden on municipal budgets and I think it was a move in the right direction. I would compliment the minister for taking that action.

The question I had was with regard to policy as a result of that. My understanding now is that the funding for subsidized housing is now on a 50-50 basis between the federal and provincial governments without any municipal participation. On the one hand I think there is general acknowledgement that the municipalities are pleased you are picking up that 7.5 per cent, but there are some questions in regard to long-term policy decisions where I think the general

thought has been that perhaps now there is no participation municipally there may be some erosion of their local decisionmaking powers.

You may want to respond as to what the ministry's philosophy is now vis-à-vis housing authorities and whether you perceive a need for any change of policy because of the change in financial contributions.

Hon. Mr. Bennett: I will answer the last part first. No, I do not see any need for a change of policy. We still maintain a percentage of representatives on the housing authority, and there are 61 of them across the province. The municipalities are still invited to make their nominations, as is the federal and provincial governments, so we have not reduced their participation or visibility in that respect.

In the long-term position, we still call upon the municipalities to do their annual housing survey, or whatever period of time it might cover, to try to get a handle on what the need of that community happens to be. That does not cover only public housing; it covers accommodation. We can also find out what we might require in the field of senior citizens' or family accommodation—that is publicly supported or assisted.

If there is a need for that type of unit, we have left it pretty well to the municipalities in major communities to form a nonprofit housing corporation from which we will rent a percentage of their units. If it happens to be in family accommodation we will take 25 of the units and if it is seniors we will take up to 50 per cent.

That, I think, is still keeping the municipalities very much front and centre to determine the needs that are prevailing in their community and how we shall serve that need. So in no way have we, as a result of taking away the 7.5 per cent obligation against the municipalities, tried to remove them from the importance of playing a part in suggesting what other accommodations are going to be provided for people.

There are some communities, of course, that will not get into a nonprofit corporation because of their size and we, as a province, still have that obligation to move in and try to develop and build the units. But basically the 10 provinces and the federal government have agreed we will get out of the capitalization, out of the ownership, and do all of our participation for public assistance under the nonprofit public, nonprofit private, co-ops and indeed with the private sector.

As you know, we do have some arrangements with private sector developers or landlords in

various communities across the province and most of them have worked out extremely well. But the municipalities' participation, that is other than financial, is still as important today as it was back in the time they were putting in 7.5 per cent.

Mr. Brandt: Could I address a specific question of concern to me and one that has developed in my own riding with respect to the housing authority? That is the status of local residency requirements for housing accommodation. That does change somewhat from one jurisdiction to another. As a result now of the municipalities not being directly involved in funding, I think the province could well take the position that anyone who is a resident of Ontario should have complete, free and total mobility in any jurisdiction of the province.

What is your response to that kind of thing?

Hon. Mr. Bennett: We did make that a condition, if you will recall, back at the time we took over the 7.5 per cent. We said one of the things we were going to eliminate, and we gave a phase-in period to the municipalities, was the requirement for residency within the jurisdiction of the individual housing authority. The only condition we were making was that of being 12 months resident in the province. If you were in Ottawa and you wanted to move to Sarnia to be closer to your family you could do so without going into Sarnia and establishing a 12-month residency—or in some cases it was longer than 12 months—and then becoming eligible to get publicly assisted housing.

Our policy is now across the province, and I admit there are some communities that do not altogether favour this ruling, as long as you have been 12 months in Ontario you are eligible to make application. Then providing you rate properly in the applicants that are there, you have a right to take a unit when it becomes available. So we have allowed for residency in the province rather than a specific location of the province.

Mr. Brandt: You are saying, in effect, that is being phased out or has been phased out in a number of housing authorities?

Hon. Mr. Bennett: I just forget the exact year or the date that we gave them for phasing it out, but I think it is past now. I would have to ask.

Mr. McDonald: January 1, 1981.

Hon. Mr. Bennett: So it is past now.

Mr. Brandt: So there are no housing authorities in Ontario that have a residency requirement other than on a province-wide basis.

Hon. Mr. Bennett: That is correct.

Mr. Wildman: It is a good policy.

Mr. Brandt: I think it is as well. I think it caused a lot of very uneasy situations when someone with a very real need, perhaps because of conditions that were beyond their control, moved into a jurisdiction, had to go through the qualification period and it was very difficult to bump them up, so to speak, because of the barrier of the residency requirement.

Hon. Mr. Bennett: The biggest problem you used to have there is that the family could move into the jurisdiction where they wanted and find the poorest piece of housing so that they could qualify in high marks for a poor housing situation. It has created a false or a phoney situation and I do not think any of us wanted that situation to continue.

Mr. Brandt: As an extension to that question, could I ask for my own information—perhaps the other committee members may need this information as well—is the point system that is being used by housing authorities uniform across the province?

Hon. Mr. Bennett: It is.

Mr. Brandt: Are they all being asked to follow the same criteria? The answer being yes, did the people from the ministry of housing at any time do an audit on the actual weighting of the point system? There are areas within the point system where perhaps it is a judgement call. Do you do any audit? Is there anyone who oversees what happens with those files?

I raise the question because you do get a number of complaints from people who indicate they feel they qualify, that their points should be higher, but because of the judgement call of the local administrator and the decision of the board or the local authority, they cannot get into subsidized housing.

Mr. McDonald: Mr. Chairman, with the 61 housing authorities, we have six regional branch offices throughout the province where OHC officials work in those offices.

We do management audits on the housing authorities for a multiplicity of reasons, financial, auditing tenants' files, verifying incomes, looking at the very thing you are looking at. With 94,000 units, it is impossible, other than through spot check audits, to audit all the files.

We do that on a regular basis, both with the internal auditor of the ministry and our own management personnel in the six offices.

Mr. Brandt: With regard to a possible appeal, and I am sure members from time to time get the same inquiries that I do, if the decision of the housing authority is not acceptable to the individual who has made application, is there an appeal process or a mechanism that the ministry approves of?

Mr. McDonald: With respect to appeal, we are in the process of setting up an appeal system in all the housing authorities so that individuals who feel they have not been given an adequate chance to set out proper information where their applications were originally dealt with, they have a right to appeal to the housing authority in session and give the additional information. We expect this will be set up as of the first part of next year.

3:50 p.m.

Ms. Bryden: I thought we were still on vote 2204.

Mr. Chairman: We are.

Ms. Bryden: This is 2205, but I guess it doesn't really matter.

On vote 2204, Mr. Chairman, I just have one question. I note in the general program description in the background document it says, "The Ministry of Municipal Affairs and Housing helps meet the housing needs of low and moderate income families." I understand the policy is to meet those needs mainly through nonprofit municipal housing, nonprofit private housing and co-op housing.

I am particularly interested in the assistance the ministry is ready to give to the development of co-op housing, because I think this is a form of housing that does give people a sense they are controlling their own destiny and they can control their own rents and costs as far as possible. But I notice on page 215 of the background document it shows the advisory support for private groups, which I presume are private nonprofit groups and would include co-ops, has been reduced by \$200,000.

On page 219 it shows a total of \$100,000 left, if I am correct in the way I read the figures, which means it has been cut by two thirds. I find this hard to understand. If we are going to rely on the private nonprofit groups and co-ops to some extent to provide needed housing, do we not need more than \$100,000 to assist them with advisory services?

Mr. McDonald: Mr. Chairman, the advisory services for private nonprofits and private co-ops are the responsibility of the Canada Mortgage and Housing Corporation, which run the program. We find support for the municipal nonprofit groups from advisory funds, interest-free loans during the initial stage prior to construction and grants to start up municipal nonprofits. We have separated the responsibility between CMHC and ourselves in that area.

The amount of money for groups has been reduced because of that differentiation of policy. We do, however, assist the municipal nonprofit and co-operatives in the ministry's Ontario community housing assistance program, where we make money available to 25 per cent of people in a municipal nonprofit co-operative project, so that people in the lower income groups will be able to find accommodation in those units. So there is a distinction between the responsibility of CMHC vis-à-vis nonprofit and private co-ops and ourselves with respect to municipal nonprofits.

Ms. Bryden: When did this change in policy occur, because prior to that you were assisting co-op groups to some extent with advisory services, were you not?

Mr. McDonald: We do still assist groups in general, but when the policy of the provincial and federal governments changed with CMHC going to the new municipal private and co-operative nonprofit program in which the federal government subsidized from the lending rate of the private lender down to the two per cent, it opted to deliver the private nonprofit and co-operative program at its discretion because it was putting up the reduction money.

On top of that, in that program we opted to make moneys available for lowering rents to groups in the 25 per cent bracket. We also took over the total responsibility for the municipal nonprofit operation, setting up the nonprofit corporation, giving grants for the nonprofit corporation to get its charter, and then upwards to 10 per cent loans on specific projects as seed money for the first project, in order that it could bring on those projects with the least possible financial risk. In the OCHAP area, we did work with the private and co-operative individual groups and met with them on many occasions to assist them, but only by lowering the rents of people in that 25 per cent bracket.

Ms. Bryden: So what you are saying is that

you have withdrawn from any other form of assistance to co-ops besides the OCHAP assisted rent program?

Mr. McDonald: Basically, yes.

Ms. Bryden: As of 1981 or—

Mr. McDonald: I think it was a year and a half ago when the delivery mechanism started separating the federal and provincial responsibility.

Ms. Bryden: I can understand the desirability of sorting out the different responsibilities, but since the minister keeps saying he is relying on the private sector and the nonprofit sector rather than building any more Ontario government housing units, if he is not really in the field of encouraging co-ops, he can't claim he is relying on them very much. He is leaving the federal government to look after those and its assistance may be inadequate. I think it is, as far as this startup in planning grants is concerned, for example.

I hear from co-ops there is not enough to help them get going in the first year or two with their planning before they are ready to put a spade in the ground, so that's one area where perhaps some provincial supplementation might be needed. I wonder if the minister could comment on that.

Hon. Mr. Bennett: Mr. Chairman, going back to 1978, 1979, 1980, we tried to bargain with the federal government that the private nonprofits and the co-ops become a responsibility under the same terms of reference as the municipal nonprofits, and the feds decided they wanted to keep it. There is always room for negotiation, we hope, with the feds, in reviewing some of the problems where they have taken the responsibility and they have funded accordingly. If my understanding is correct, if we were to give them X dollars, it is then a reduction off the federal government grants.

Ms. Bryden: It could be on top, but—

Hon. Mr. Bennett: No, no.

Ms. Bryden: I am talking about startup grants. I am not talking about mortgage money.

Hon. Mr. Bennett: A certain amount of startup funding is given to co-ops and nonprofits. For the province to come in on some kind of a basis upfront, you can be sure the federal government will make sure that comes off the grant it is going to give. It is not in the business of double granting, and I agree with it.

Ms. Bryden: It could be a grant in an area where the federal government is not in at all, such as assistance for architectural planning or something of that sort.

Mr. McDonald: When we took over the municipal nonprofit responsibility there was no sharing between the federal government and ourselves in other than the actual construction of the buildings. All the loans before construction were at our expense, and in turn, for the private and co-ops was at the federal government's expense. So that was a definite separation.

Ms. Bryden: There is one area you are now moving into, I understand, and that is renovation assistance to homes generally, in addition to your regular home renewal program. Would co-ops be eligible for renovation assistance? Because some that were built quite a number of years ago under various federal plans are now in the position where they need renovations. Perhaps the original funding was not sufficient or they have run into problems requiring change of the units from one bedroom to two bedrooms and things like that. Would they be eligible for your new renovation grants? Is the new renovation grant in effect yet?

Hon. Mr. Bennett: No. We are looking at a number of programs. As I said in my speech on several occasions, we are anticipating that most of this will be accommodated by the private sector. The Ontario home renewal program has been made available to individuals in their own residences, but we have not expanded to start taking in renovation of apartment buildings or co-ops.

Ms. Bryden: Co-ops are very similar to private residences really. The people have just got together as individuals. Should they not be entitled to the same sort of renovation assistance as an individual home owner is?

4 p.m.

Hon. Mr. Bennett: At this point we have not expanded the program to include them. I have so many dollars, as you will notice in the estimates—\$20 million. I constantly have people wanting more and more and we have been fortunate to retain \$20 million. It is a program we participate in 100 per cent, and there are no partners. I think it has been a good program, well-recognized across this province by every municipality. I am sometimes surprised that with the effectiveness of it some have not joined us in trying to increase the funding in their own communities, but I have not expanded the terms of reference.

Ms. Bryden: Are you not, in effect, discriminating against people who have decided to house themselves co-operatively rather than in

individual private homes? They are private home owners but they do it collectively. Therefore, should they not be entitled to the same assistance as the private home owner?

Hon. Mr. Bennett: No, not any more than condominiums. As I said, I have not expanded the terms of reference.

Ms. Bryden: As you know, condominiums were extended the same assessments as private homes ultimately, because it was regarded as another form of private home ownership.

Hon. Mr. Bennett: That's correct.

Ms. Bryden: They have not been able to sort this this out for co-ops because they have a collective ownership. It seems to me you are saying you are discriminating against a portion of the population that has chosen co-op housing.

Hon. Mr. Bennett: I guess it would be fair to say we have been accused of discrimination before on this subject. Some would say to me the income level we have established is not right either and that discriminates against certain people. It has been said the Ontario home renewal program should be expanded to accommodate even higher income groups or those who have a physical impairment, where certain things should be done in homes at rather substantial cost.

I guess I will never get out of the position of people saying it discriminates somewhat. Regardless of what the terms of reference are, there will always be a group that feels it was left out of the program. That's not to say the programs cannot be altered. With the dollars and cents we are working with today, to change the terms of reference means that some group that by our standards is in need is going to take a lesser position.

Ms. Bryden: If the co-op residents qualified on an income level, I would argue they should qualify for home renovation. I understand that is a matter of policy.

Mr. McEwen: About two years ago an application was made by the township of Sheffield for senior citizen housing to be established in the village of Tamworth. I would like to know what progress has been made.

Mr. McDonald: We do not have that with us but we could get it tomorrow morning and write to you directly.

Mr. McEwen: Thank you.

Hon. Mr. Bennett: We did not bring all our files, just some of them.

Mr. Chairman: Vote 2204.

Mr. Philip: On a point of order, Mr. Chairman. Sometime before discussing the next vote, may I have a couple of minutes on this one?

Mr. Chairman: You missed this whole vote. You were not here for any discussion on this vote.

Mr. Philip: I was doing something else. My colleague was here handling it.

Mr. Chairman: I am sorry, Mr. Philip, I will have to rule you out of order. It was on your motion that we agreed to the time limits. It is now time to vote on 2204.

Vote 2204 agreed to.

On vote 2205, Ontario Housing Corporation program:

Mr. Epp: I want to direct a question to the minister. It has to do with the policy known as the empty-nesters policy. I think you have referred to that before.

Hon. Mr. Bennett: I have.

Mr. Epp: As you know, and I am sure everybody here is aware, families sometimes are evicted from their homes because the children leave.

Hon. Mr. Bennett: Not evicted, Mr. Epp. Their lease terminates.

Mr. Epp: They do not meet the present conditions for remaining in those units.

Hon. Mr. Bennett: That's correct.

Mr. Epp: So they are asked to leave against their wishes. The present policy is that no other units are made available to them in those buildings or in OHC units at all. I am just wondering if you would reconsider that policy with respect to these families where there are empty units in the buildings. I am not suggesting you snap your fingers and create new units all of a sudden. I realize you cannot do that, not this week anyway. I am wondering whether you would reconsider that particular OHC policy. You being the minister could certainly have it changed if you wanted to.

Hon. Mr. Bennett: For those between the ages of 50 and 59 we have had a temporary period since last year where we allowed them to continue occupancy, maybe in a smaller unit, but within the OHC operation, whether it be ours or in a rent-supplement unit.

The OHC is now studying that situation very carefully. We are now having pressure applied to allow it for any age group, any age, whether it be a husband and wife who remain at home, or a single parent, father or mother. Some of these

discussions have been taking place with CMHC. Whatever decision is made here, it will be a collective decision. As a partner with an agreement, we must live up to it.

We have not been challenged so far by CMHC for having left in a number of people who would not qualify under the terms of the agreement we have signed.

Mr. Epp: Are you talking about the disabled?

Hon. Mr. Bennett: No, I am talking about those aged between 50 and 59 we left in for over a year. The OHC's very conscientious board of directors have been trying to review it, but they have some real problems. They have a waiting list of families who want to get in to some of the units we have, whether it be in your community or my community or this community.

These people went in and they knew the terms of agreement at the time the unit was made available to them. We are analysing it and surveying it very carefully. If the policy should be changed, it could mean in the next few years—Mr. McDonald, what is the period of time?—we would have roughly 25,000 units occupied by people in this category.

Mr. Epp: What is the total, 92,000?

Hon. Mr. Bennett: If you take in the rent supplements and everything, we are at 100,000, roughly. So we are talking about 25 per cent of our units. That will be continually increasing at a fairly interesting rate because of the statistics that prevail within the family.

I am not trying to say I have made a decision on it. I am having some discussions in the next few weeks. I have said to those who have inquired of me about the situation that we will look at it. The pressures are on for families to come in. People have known the conditions under which they took the occupancy and the governments of Ontario and Canada were prepared to make units available to them.

There is only one other point. I made it once before to the justice committee and I want to repeat it today. Ms. Bryden talked a few minutes ago about discrimination; this will reek of the greatest discrimination you can possibly imagine. I'm talking about individuals and couples out there who have never had a family but who may be in every bit as bad financial condition as those who are empty-nesters by classification of the OHC. Because they have never had children they could never qualify. They would now have the right to say to the government of this province or this country: "What makes us so different from those who went in under certain

conditions and now would no longer qualify? Why isn't your policy now so broad that everyone can qualify?"

The financial obligation against both the federal and provincial government would be, I think, unbelievable. That is not to say that OHC, who are reviewing the situation at the moment, will not try to find some compatibility with the policy, and it may be the federal government will give some room to move in. I do not know whether they will or not. There has been some discussion at the staff level. Mr. Cosgrove and I will be meeting in the next few weeks, not only on this but on a number of other problems relating to housing.

Mr. McDonald: These are some of the figures you were talking about. There are approximately 21,500 mother-led families 59 years of age—

Hon. Mr. Bennett: Is that single parent or mother-led?

Mr. McDonald: Mother-led.

Hon. Mr. Bennett: I see.

4:10 p.m.

Mr. McDonald: And there are 3,700-odd father-led. There could be a second person in there who might be disabled but would not be double-counted in those figures. So we are talking about close to 25,000.

Hon. Mr. Bennett: Mr. McDonald, just remind me, so we have the record straight; that relates at this moment or this would take place over—

Mr. McDonald: At this moment, living in Ontario Housing Corporation family units, there are approximately 25,000 single parents, either mother-led or father-led, with children living in our units. Progressively over the next several years, as the children grow up, these people will be potential single persons in OHC units.

Mr. Philip: Many of these—

Hon. Mr. Bennett: What age group are we talking about?

Mr. Philip: That is what I was going to ask.

Mr. McDonald: The age group ranges from slightly under 150 mother-leds under 19, progressively increasing in five-year increments to a high in the 35- to 39-year-old group of about 2,500—I am going from memory; I do not have those figures here—and then starting to tail off as you get to 50 and 55. There are some over 60 who have children and live in family units, but generally speaking the 25,000 are from 18 to 50 in equal five-year increments of mother's o

father's age; of below 20 some 150, to a peak of about 2,500 to 3,000 in their mid-30s and then tailing off as they reach age 55.

Mr. Philip: The figure is somewhat misleading, though, unless we take into account a point you yourself made, Mr. Minister, that there is a high turnover in OHC and that many of these people will leave voluntarily or because they get better paying jobs and their income goes up.

Hon. Mr. Bennett: Right.

Mr. Philip: A good many of those are at such an age that they may qualify for metro seniors' housing or other seniors' housing accommodation or nonprofit housing before or close to the time when the last or youngest child leaves, and some of them will be disabled. Therefore your figure of roughly 25,000 really does not tell us very much. What we do know is that at the moment there are 744 residents in Metro Toronto Housing Authority alone who are under the gun waiting for a decision.

In the city of Toronto we also know this is where we have an extremely low vacancy rate, where rents are extremely high. The vacancy rate in Toronto is not nearly as desperate as in places such as Oshawa, admittedly, but where are those people going to go? In some of the smaller communities it may well be that you can rent accommodation at a much more moderate cost than you can in Toronto. We are facing the problem that these people, if you do make a decision, are going to be out on the streets. The Parkdale rooming house kind of phenomenon is disappearing. There are no longer those accommodations available to people.

As the Ontario branch of the Canadian Mental Health Association pointed out, there are people who are in desperate straits already out there, let alone the ones who, if you make the decision to empty the nest, so to speak, or empty the house of the empty-nesters, are going to be out there competing with the people who are out of mental hospitals and itinerant workers and other people who are in the city.

Has anyone been forced to leave yet or are they just all waiting?

Mr. McDonald: For the empty-nesters under 50 it has been a continuing policy to ask them to leave. There is an interim policy between ages 50 and 59 under which no empty-nester, mother or father, has been asked to leave subject to the review of Ontario Housing Corporation's board of directors, which will be completed some time in December or in January relating to this problem.

Mr. Philip: With those under 50 who have been asked to leave, have you gone through the procedure of taking them to court if they have not left?

Mr. McDonald: Where necessary.

Mr. Philip: How many have been forced out?

Mr. McDonald: I do not have the exact figures of how many have been forced out. We could get that information.

Mr. Philip: Could you provide that, as well as the ones who have left voluntary? Can you do it by municipality for us?

Mr. McDonald: I think it can be done by housing authorities or regions of the province, but I do not think it can be done by municipality.

Mr. Philip: If it can be done by housing authority, that is what I am asking for.

Mr. McDonald: Mr. Chairman, it can either be done from the data base by housing authorities or by the seven districts that we have in Ontario, meaning western Ontario, southern Ontario, central, Metro, et cetera. We can get that for you.

Mr. Philip: I think it would be more meaningful by housing authorities.

Mr. Epp: Mr. Minister, I want to draw your attention to the OHC administrative budget. The head office had a 29.4 per cent increase, as I understand it, over the expenditure of last year; the miscellaneous charges, the administrative fees, as I understand it.

Hon. Mr. Bennett: What are you looking at?

Mr. Epp: I was just given this information by someone. I do not know whether it is in here or not. I could not find it in here myself in the figures. I thought you would probably be very cognizant of all the figures, even ones that we do not have here.

Hon. Mr. Bennett: How much are you referring to in dollars, or are you just referring to percentages?

Mr. Epp: Percentages. The increase in administrative fees was 29.4 per cent over last year and the miscellaneous charges were up 48.9 per cent over last year.

Mr. McDonald: Mr. Chairman, I don't know the specifics the member is referring to, but on page 227 in the budget the overall for 1980-81 estimates of \$126.9 million to \$131.9 million is just about \$5 million of increase totally. When one looks at page 228 there is an increase from \$126 million to \$144 million, or \$17.8 million.

Basically that is an increase launched on housing operations, commercial rent supplement and the community-sponsored rent supplement payments. There was some lowering of administration charges and some lowering of the capital disbursements which makes up the overall increase of \$17.8 million.

Specifically with respect to the 29 and 49 per cent, I would not know how to answer that based on one line unless I knew which line it was of the budget, but overall the budget has not gone up one year over last year any more than by \$5 million. I could go over each one of the pages with explanations trying to find that, if you wish.

Mr. Epp: I am sorry I cannot give you more information than that, Mr. McDonald, because I was looking for it myself.

Mr. McDonald: I used in the first instance page 227 of our estimates showing \$126 million to \$131 million being \$5 million. Then on page 228 there is a difference showing in the 1981-82 estimates from \$126 million to \$144 million, which is 17.8 per cent. The reason for that difference—

Mr. Dillon: Excuse me, Mr. Chairman. Mr. McDonald has left out the special warrants. We should be comparing two figures, \$144 million with \$126.9 million. It makes a difference of \$17 million.

Mr. Epp: The special warrants were the \$17 million?

4:20 p.m.

Mr. McDonald: No, the \$17.8 million is the difference between our estimates in 1981-82 and 1980-81. I thank the deputy for correcting what I said in the first instance, but the major increase is the increased loss in housing operations, rent supplement and community-sponsored rent supplement. I cannot define where in this administration item you have the 49 or 29 per cent. I would have some problem in pulling that out.

Hon. Mr. Bennett: There is a breakdown on page 228 that I think indicates very clearly how \$17.894 million comes out.

Mr. McDonald: But Mr. Chairman, if there were a specific question, even tomorrow in that specific regard, we could get you—

Mr. Epp: Would you check that out Mr. McDonald? I have been given these figures that administrative fees—

Hon. Mr. Bennett: Fees.

Mr. Epp: They said fees, and that is the term I used earlier. I have been given these figures that

they have gone up 29.4 per cent. They speak here about the Ontario Housing Corporation office, but I am going to have to get a clarification on that.

Mr. McDonald: Mr. Chairman, we can make a comparison of the administration items within our budget, plus the ministry items attributable to OHC and give you a written explanation on it.

Mr. Epp: The point made here is that some of the branch offices have had their budget cut considerably, whereas apparently the amount of budget allocated to the OHC head office has gone up.

You are not familiar with that Mr. McDonald?

Mr. McDonald: Yes, we are familiar with that. There were budget cuts in the process of making our budget attributable to the operations of housing authorities under the jurisdiction of branch offices. But as to the difference between what was cut out of head office or what was cut out of the branches, most of the money cut out of the branches was not for administration but rather for the ongoing upgrading of buildings. Otherwise, there was no reduction per se in staff of housing authorities, branch offices or head office during that period. There was a reduction in the overall budget, to meet a constraint of government, in the ongoing administration maintenance and upgrading of buildings within the 94,000-unit housing portfolio.

Mr. Epp: Let me ask the minister one question and then I will be finished with this. What is your attitude with respect to phasing out the six branch offices, now that you have 61 housing authorities around the province and since they are supposed to be autonomous or at least semi-autonomous? Do you have six?

Hon. Mr. Bennett: That is right, six.

Mr. Epp: What is your policy with respect to the phasing out of those offices?

Hon. Mr. Bennett: I still think there is a need for branch offices since the housing authorities still call for a certain amount of input from the ministry. In doing some assessments of applications, and various other programs that the housing authorities go through, while they do not always appreciate the suggestions or the direction that people from the field office might offer, overall on a 12-month basis, the housing authorities certainly feel more comfortable having people there who are familiar with the policies and the way things should be applied.

We now have six field offices, plus we have some operations in municipal affairs. Certainly,

it has not been my feeling that we should disband the field offices because of the lack of opportunity to give some advice. Not all the advice is just to the housing authorities. Some of it is sought by the municipalities on their housing needs surveys and so on.

Mr. Epp: Would the policy there be to go to the branch offices rather than go directly to the ministry?

Hon. Mr. Bennett: Who are you referring to?

Mr. Epp: When you are talking about the municipalities.

Hon. Mr. Bennett: They often use our branch offices, sure. Just as we were discussing earlier today, they use our branch offices for a number of things. If it is a major provincial policy, they no doubt will come to the head office. That is usually channelled through the field office to us. It is because the field office does not feel it is their place to get involved in answering that it comes back through to head office.

The service they have offered has been extremely good. I think if housing authorities were ever eliminated, municipalities would find themselves running down here more often to get some correction.

Mr. McDonald: Mr. Minister, I think it is fair to say we are looking at a different method of dealing with housing authorities through the branch offices than what was done in the past, when a large portion of the Housing portfolio was managed directly by Ontario Housing Corporation. The skills, the method of monitoring the corporate entities or housing authorities, in each of the areas, has to be redirected.

What one finds though is in the three categories of housing authorities—large, medium and small—some of the small and medium-sized housing authorities do need a lot of help, either because they are new or they are very limited in size, or the size of their portfolio is spread over a very large county. In a lot of those smaller items, a lot of those day-to-day things, they do use the branch offices. A branch would have an intimate knowledge of a local item in Tamworth, for example, that I might not necessarily have if someone called me in head office.

Hon. Mr. Bennett: Do you think we should do away with them?

Mr. Epp: I think you should look at the possibility of making savings there. I am not saying at this point categorically that you should do away with them, but I am not convinced that—

Hon. Mr. Bennett: Your point is well made.

Mr. Epp: I am sure Mr. McDonald has made a mental note of this, and he is going to be initiating a study very shortly to see whether—

Hon. Mr. Bennett: We have been doing that, particularly since we amalgamated.

Mr. Epp: —and then you will get up in the House one of these days and read a statement and say Herb Epp said on November 25 that we should do away with these, and because of his inquiry we proceeded to do away with them.

Hon. Mr. Bennett: We are doing that now. One of the reasons we are doing it is simply because of the amalgamation of municipal affairs and housing, to make better use of whatever branch personnel we have out there, if there is a possibility to do so.

Mr. Epp: I know in the Ministry of Education they got rid of a number of offices a few years ago. They saved a considerable amount of money and I think this money might be used better elsewhere.

I am not suggesting you cut the money from your budget.

Hon. Mr. Bennett: Nor are we. We are reallocating it, if it is possible.

Mr. Philip: How much time do I have, Mr. Chairman.

Mr. Chairman: About 17 minutes.

Mr. Philip: How to see the world in 17 minutes.

Ms. Bryden: Seventeen minutes for this vote.

Interjection: Then there is a municipal vote after that?

Mr. Wildman: There are two votes plus supplementaries after that, within a 15-minute time frame.

Mr. Philip: I wonder if the minister can tell us if there have been any changes in the policy vis-à-vis transfers since the justice committee tabled its report on the Ontario Housing Corporation? Have there been any?

Hon. Mr. Bennett: We said at that time we would review transfers and we have reviewed transfers of individual cases. We have not brought in a blanket policy of just allowing people to transfer from one unit to another unless there is some justification for it.

Mr. McDonald, I think your board had a discussion on it—I do not recall when, but I think I did read some—

Mr. McDonald: The transfer policy is on the agenda for January. I think, Mr. Chairman, that

in the minister's statement of last week, in reference to the question, there may have been something said with respect to that.

Hon. Mr. Bennett: That is right. That is exactly what I was saying. There have been some cases brought to my attention personally, where housing authorities have taken the opportunity to review the case. In light of some of them, where they had problems with convenience to employment, and because of some of the other situations, they have allowed for a flexibility to allow for transfers.

We have not brought in a general transfer policy at this moment just to open it up wide.

4:30 p.m.

Mr. Philip: Do I take it you also have not implemented any of the recommendations concerning appeal procedures for transfers?

Hon. Mr. Bennett: If you were here earlier this afternoon when Mr. Brandt asked the question, Mr. Philip, we said we are in the process of doing that. We hope that early in the new year we will have an appeal procedure in place with each one of the 61 housing authorities.

Mr. Philip: Do I take it the appeal process will be an open one in which representation of the tenants will be allowed?

Hon. Mr. Bennett: To present his or her case?

Mr. Philip: To present his or her case. And will the decision on that case be made publicly or will it be made in camera?

Mr. McDonald: Mr. Chairman, I think we have to be very clear about what is meant by made in public. If it is a situation in which a tenant is in some considerable difficulty with the law or with garnishee of wages or a lot of other things, we would want to be very careful. I think the housing authority would want to be very careful in how they dealt with the information in public.

My understanding, from what we are looking at in the appeal process, is that the housing authority will be required, in what we are looking at, to hear from the individual applicant who may have been refused occupancy in the building and/or who has received an eviction notice or whatever it is. The applicant will be able to present to the housing authority additional information which he or she may feel was not legitimately dealt with at the time of the action.

I would not want to indicate that would be in the public sphere, so that some of these people

who may be in an unfortunate situation would find themselves embarrassed with documentation from their personal file.

Mr. Philip: Can I take it the three criteria that are now being used, at least by Metro Toronto Housing Authority, will also be under review with a view towards possibly broadening these criteria? The criteria are: over-housed or under-housed; proximity to work; and medical reasons. Are those the three criteria that are now being used? Are there other criteria that may be introduced for making decisions on transfers?

Mr. McDonald: Mr. Chairman, I think the transfer area is being looked at in total. With respect to the 17 sections of recommendations of the justice committee on OHC, although the Legislature did not pass and agree with those, we have taken a very hard look in the general context of those 17 areas. We are making sure in the supply and demand, or in the ownership of public housing, or in the transfer policy, or in the other areas such as the appeal process, that care and thought is exercised in making sure our procedures can be streamlined and of benefit, not only to the owners but to the tenants we serve.

Mr. Philip: Do I take it that appeal process will also be open to would-be tenants, that is tenants who may be in other forms of housing, perhaps geared-to-income housing, but who wanted to transfer to OHC?

Mr. McDonald: At this time, the paper that is going in detail to the board of directors at the first of the year is not finished. There is a meeting respecting this item scheduled for Friday December 4, and for the first or second board meeting in January; I really cannot indicate to you all the ramifications of this process.

Mr. Philip: I wonder if the minister would tell us, from a policy point of view, whether or not he feels that transfers from one form of geared-to-income housing to another should be more open? Is that his policy?

Hon. Mr. Bennett: Mr. Philip, you know very well that when we were here last year before the justice committee, we indicated clearly that we wanted to put some limits on allowing transfers to take place. It is fine for everybody to sit back and let the transfer happen. The transfer usually costs somebody money and that is usually the government. We said we would try to be as lenient and flexible with our transfer policy as possible. I am not going to take a policy position on it until I have had a discussion with OHC

That is why I have OHC, to give the minister some advice and guidance on how a policy is to be designed.

Mr. Philip: I wonder if I can deal with a specific case and ask if you think justice has been done in this case.

Hon. Mr. Bennett: Let me suggest right here and now, if it is a case that a board or one of the authorities has ruled on, I do not intend to make any public pronouncement at this time.

Mr. Philip: I am going to put it on the record anyway because I think it is an example of how Metro Toronto Housing Authority operates in an arbitrary and arrogant way. There is a senior citizen living on Arbordell Road in a Metropolitan Toronto Housing Company project.

Hon. Mr. Bennett: It is not ours.

Mr. Philip: That is right, it is not yours. It is the Metropolitan Toronto Housing Company. You heard me correctly.

This man's wife is not well. She does not speak any English. The closest doctor who speaks her language, which is Czech, lives in the High Park-Bloor area. I wrote on his behalf, and the Metro Toronto Housing Authority acknowledge receipt of his application, for a geared-to-income program transfer from Metropolitan Toronto Housing Company to Metro Toronto Housing Authority so his wife could be close to a doctor who speaks her language.

The reply was: "We note from your application that you are adequately housed at the present unit under the administration of Metropolitan Toronto Housing Company Limited. In view of this, your priority of need is very low in relation to other persons on the waiting list. We must therefore advise you that your application cannot be considered further at this time and you will not be placed on the waiting list." Do you think justice is being done in a case like that?

Hon. Mr. Bennett: I suggest there is an opportunity to appeal it if one feels the decision is not right.

Mr. Philip: But so far you do not have your appeal procedure in place.

Hon. Mr. Bennett: I said we will have it in place.

Mr. Philip: Do you think somebody making a decision like that showed the kind of empathy and compassion that would be—

Hon. Mr. Bennett: I am not here to start judging without all the facts before me in the file as to what the feelings were of the individual

who was sitting on that board. I know the people on those boards. This one happens not to be our board, that is, the Metropolitan Toronto Housing Company, but I tell you these people serve well and are well appreciated across this province.

I am referring to people on our boards and on our authorities. I doubt I can sit here and honestly say to you that every decision they will make would be one I would make if I had been on that particular authority. The fact is I am not here to start criticizing them in an offhanded way for whatever decision they happen to make.

There is more than one person on the board. I do not know what number were present at the meeting where the decision was made. I am sure it was more than one individual.

Mr. Philip: I do not think this was signed by a board member. It was signed by Mrs. Stanlake, acting supervisor of the housing registry, tenant placement. It was not made by a board. It was made by a public employee in your ministry's employ.

Mr. McDonald: To clarify this, I understand this person now lives in a housing corporation unit we do not own.

Mr. Philip: Metropolitan Toronto Housing Company Limited.

Mr. McDonald: They have requested a move closer to a doctor, et cetera, and to live in Metropolitan Toronto housing apartments. Are they, under the criteria—

Mr. Philip: The Metro Toronto Housing Authority's apartments.

Mr. McDonald: Under the transfer policy at present in effect, they clearly would not qualify if they were adequately housed in their present accommodation irrespective of where they live. They were actually living in a subsidized unit.

There is the possibility that, on the waiting list of the Metro Toronto Housing Authority, there are many other people who might be looking for a similar unit in that area. When the transfer policy comes about, it will be a policy respecting the Metro Toronto Housing Authority. We will not presume to interfere on the other side of the ledger with Cityhome or with the Metropolitan Toronto Housing Company.

4:40 p.m.

I do not know the specific case. The problem I would see is that the persons making the decision under the guise of the board would be making a decision based on the information they had at their disposal at the time. When the

appeal process comes in, I presume someone could appeal that decision to the board, but it would be unlikely we would be hearing appeals from people who do not necessarily live in our units with respect to a transfer in our own units. We would have to take note of that so that when we do make up the appeal process this unique, or maybe not unique, situation is taken into consideration.

What I understand is being said is, if somebody applies for housing in our units, coming into Metropolitan Toronto Housing Authority units, and it has nothing to do with transfer, they should have a right of appeal in their file based on the information that has been adjudicated on. I think we should also look at that.

Mr. Philip: I am concerned about what you mean by adequately housed. In this specific case, people are living in a community that does not speak their language when there is a community and housing available on the same geared-to-income basis, albeit under a different authority, where they can receive medical attention by someone who speaks their language. The man speaks English but his wife does not speak English and she is the one who is sick. That is not adequate housing when more adequate housing is available that meets their individual needs. I think you might like to look at the definition of adequate housing.

Since we are talking about justice, I would also like to ask a question concerning the way in which Ontario Housing Corporation signs contracts with the nonprofit housing sector. I think we can stretch this under this vote, because we have managed to deal with OHC under the last vote and it is basically OHC. I am wondering whether in those contracts you negotiate such things as the rules by which applications are taken by those housing authorities, housing companies or private nonprofit corporations as the case may be.

Mr. McDonald: There is a procedure for municipal nonprofit, private nonprofit and co-ops.

Mr. Philip: Let us deal with the private nonprofit first.

Mr. McDonald: The private nonprofit is administered by Canada Mortgage and Housing Corporation. We assist by piggy-backing certain moneys to assist persons in the very low income group to be accommodated, within the 25 per cent range of family housing and the 50 per cent range of seniors' housing.

When we do that, there is a criterion they know ahead of time but the major thrust of the

private nonprofit is that of CMHC. We piggy-back to assist those in the lower income brackets to get accommodation.

Mr. Philip: Do the criteria change from one project to another?

Mr. McDonald: Not to my knowledge.

Mr. Philip: I wonder if we can deal with a specific case, namely the Presbyterian Senior Citizens' Corporation.

Mr. McDonald: We have investigated that. I did not bring the sheet with us because you brought this up two weeks ago and the minister generally went through this, but we could give you specific written information on that item, clarifying what took place with respect to the two persons you brought up in some detail.

Mr. Philip: I would appreciate your sending me that. I would also—

Mr. Chairman: Mr. Philip, I am sorry. Our time is up for this vote.

Mr. Philip: May I just ask one last question? Do you feel an authority, or a private housing corporation as in the case of the Presbyterian Senior Citizens' Corporation, if it is using provincial money which you are putting in, should be allowed to change the rules or the criteria retroactively and eliminate certain people who entered that housing under an understanding it would be on a geared-to-income basis; suddenly simply eliminate them from that program when they entered with an understanding they were in geared-to-income housing?

Hon. Mr. Bennett: I forget the details. I had them last week and unfortunately I do not have them here today on the specific case.

Mr. Philip: I gave you the details quickly.

Hon. Mr. Bennett: Yes, but I am not worrying about the details. We have them from what you gave us last week or the week before and I am sorry I did not bring back the information I had last week.

Frankly, I do not really agree that any individual group which is under contract to us should automatically, of its own volition, start changing the rules of the ball game. But if it is a fact that somebody's income has altered substantially—maybe I should not have used the word "substantially," but altered—to a point where it has now gone beyond what would normally be considered as a rent-geared-to-income assistance program, I think when his lease comes up for renewal they have a right to

suggest that one of the other persons who in their opinion is more worthy should come into the unit.

Mr. Philip: Do you not see a contrast between that and—

Mr. Chairman: I am sorry, we will have to cut it off right there. Shall vote 2205 carry?

Vote 2205 agreed to.

Mr. Philip: We seem to have two sets of rules, one of your own and the other for the private person.

Hon. Mr. Bennett: In defence of the chairman, Mr. Philip, it was Ms. Bryden who moved the amount of time.

Mr. Philip: I am not talking about the chairman's set of rules. He is consistent. It is you who are inconsistent. I am talking about your set of rules concerning Ontario housing. I have no criticism of the chairman. He did what I would have done.

Mr. Chairman: A vote of confidence in the chair. Thank you.

Hon. Mr. Bennett: It is only inconsistent as long as it does not agree with your position.

On vote 2206, Ontario Mortgage Corporation:

Hon. Mr. Bennett: Let me say very strongly at this meeting before we go one step further, this government has never bashed seniors; never. This government has given recognition to seniors in its programs, in its \$500 allowance, its \$50 rebate on sales tax and in providing senior citizens' units. There is no government in this country, including the Saskatchewan government, that on a percentage basis can equal what we are doing for the senior citizens in Ontario; not one.

Mr. McKessock: The only problem is they are up in arms because they are not getting their cheques.

Hon. Mr. Bennett: They will definitely get them. It may be closer to Christmas, but they will get them. You will agree to that, Mr. McKessock. I get tired of listening to the New Democratic Party being the only people who have any feelings for seniors.

Mr. Wildman: Do not feel so sensitive.

Hon. Mr. Bennett: I do feel sensitive, because Mr. Philip always puts it to the point that everybody else in the Legislature, save and except your party—that includes the Liberals and the Tories—has no sensitivity to the wellbeing of seniors in this province. Let me tell you our

sensitivity goes just as far as yours because my mother and father happen to be in the senior category, as is the case with most of the other people in that Legislature. Just because you happen to have a socialistic philosophy and we have another philosophy does not mean we have no compassion.

Mr. Chairman: Shall vote 2206 carry, including the supplementary of \$5 million?

Ms. Bryden: Could the minister explain what the supplementary is for?

Hon. Mr. Bennett: It is under the Ontario rental construction loan program.

Mr. McDonald: It is the Ontario rental construction loan program that the minister brought in in March of this year for the 15,000 rental units. Ontario Mortgage Corporation is administering that program and the \$5 million was the cash required this year in the first payouts of those interest-free loans.

Ms. Bryden: Do you expect to use all of it, Mr. Minister? I understand it is not being taken up.

Hon. Mr. Bennett: Ms. Bryden, I will tell you. I gave the report last week. There are 7,600 units as of a week or 10 days ago. I was notified this morning that two major projects will proceed now. Interest rates have fallen back considerably from where they were six weeks ago. Indeed, the final death knell has been sounded for the multiple-unit residential buildings program, but most of those which have the ability to put footings in the ground in 1981 will proceed quickly so that they can qualify for MURBs and for the \$6,000 mortgage allowance by Ontario. I think we could hit our 11,000 or 12,000 units within the next period of days. Applications are—

Ms. Bryden: Time alone will tell.

Hon. Mr. Bennett: Yes, but I am optimistic. That is the difference between you and I. I am optimistic these people will respond because they realize the business they are in is providing rental accommodation.

Ms. Bryden: We certainly need that.

Vote 2206 agreed to.

4:50 p.m.

Hon. Mr. Bennett: That is sensible. Thank you.

Mr. Philip: We just have a sense of history. We know your track record.

Hon. Mr. Bennett: My track record is better than yours so far.

Mr. Philip: I doubt that.

Hon. Mr. Bennett: I have been elected for 22 consecutive years, and I would think that has something to do with a track record.

On vote 603, municipal affairs program:

Mr. Wildman: Mr. Chairman, I know these gentlemen have been waiting for some time, and I will not hold up the time of the committee. We have mentioned the concerns over Hornepayne, what is happening there and the difficulties that have occurred. I have been sent a petition to be passed on to the ministry, signed by 334 residents of the township of Wicksteed, requesting an investigation by the ministry of the affairs of the municipality. I will present that to the minister at the end of the session.

I hope the ministry will use its good offices to look at the situation in Hornepayne and try to work with the council to resolve the concerns that have led to an apparently serious division among them and to enable them to bring to a conclusion the leasing of the town centre and also streamline the workings of the municipality.

I hope ministry officials can indicate to me one way or the other whether or not the proposal made by the municipality at the last meeting between the provincial officials and the municipality regarding the Hornepayne town centre, that is to have the additional funding that is being offered by the provincial government, to ensure no deficit to the municipality, applied to the costs of the water and sewer project as proposed by the municipality. Can you give me some indication of what is happening with that proposal?

Mr. Fleming: This funding is supplied not through the Ministry of Municipal Affairs and Housing but through the Ministry of Northern Affairs, although we are a party to those negotiations. I think the answer to the question is no, I do not think the government will accept the proposal made by the municipality. But we hope that, as a result of the meeting to be held on Friday morning, a counterproposal by the government will be acceptable to the municipality.

Mr. Wildman: Fine. I will await the result of that meeting.

The other question I have concerns Blind River and the proposed annexation of unorganized territory in the vicinity of that town. I have a copy of a letter sent to the mayor of the town dated October 2 and signed by Mr. Bennett in which he stated that the financial impact study

being carried out by the ministry's municipal affairs office in Sudbury was nearing completion and would be available shortly.

I understand the plan was to have a public meeting at which the financial impacts of the various options would be presented to the council and the general public. Can you indicate when you expect to have that meeting?

Mr. Fleming: No. I guess we would be in a position to complete those financial analyses some time within the next month, but I could not give you a date for the meeting.

Mr. Wildman: My impression was that you expected to have them completed sooner than that. If you can check to find out when you are likely to have the meeting I would appreciate it.

This follows from the question I asked earlier today regarding the criteria for deciding whether or not to go the Ontario Municipal Board route or the route of a bill in the Legislature. The import of the letter that was sent to the mayor of the town was that if the town wanted to go to annexation this fall it would be very unlikely that legislation could be introduced in the House, because of the amount of legislation already on the Order Paper or likely to be on the Order Paper, and they would have to go through the OMB. However, if the council were prepared to wait until the spring—

Hon. Mr. Bennett: We would try to accommodate them.

Mr. Wildman: Yes. I will just read: "At this point I would suggest there are two choices open to the council. First, if it still desires to have the at present undeveloped parcels in Striker township just outside your boundaries annexed by the end of the year an application to the Ontario Municipal Board should be prepared. When the documents are referred to me I will be asking the board to set an early hearing date.

"However, if the council is willing to wait, then I will give consideration to a council request to include legislation for a larger annexation as one of my ministry's items in the spring 1982 session of the Legislature."

Am I to understand that the ministry is awaiting an indication from the council as to whether or not it would prefer to have an OMB hearing or legislation, or has a decision been made by the ministry, either on its own or in consultation with the municipality, as to whether it would prefer legislation to the OMB?

Hon. Mr. Bennett: I am awaiting some expression of opinion by the council.

Mr. Wildman: I see. Okay.

Hon. Mr. Bennett: In other words, they realize, as I think I explained in there, that the period of time available to us for legislation in this sitting is relatively short. We will be dead lucky if we get all the things through that you and I believe we should get through this session between now and Christmas. But if the council decides it would prefer to go to the OMB, fine.

However, Mr. Wildman, I must say that some people in the unorganized territory find going before the OMB a very trying experience; not only is it trying but they also do not feel completely comfortable, so they sometimes believe the best way to go about it is through a legislative process. But we are open to suggestions from the council.

Mr. Wildman: I know there are arguments on both sides. The impression I have from a number of people in the unorganized areas is that they would prefer an OMB hearing, and I hope that would be considered seriously. I am not sure what the council's position is.

Hon. Mr. Bennett: I am not sure either, but I expect we will hear shortly.

Mr. Wildman: I hope you will consider very carefully the concerns and wishes of the people in the unorganized areas as well as the council's position.

Hon. Mr. Bennett: When I get their opinions and the council's, if there is a difference I will come to you for a decision.

Mr. Wildman: I have already gone on record as to which I would prefer. I am willing to discuss it with you at any time.

Mr. McKessock: Mr. Chairman, I want to bring to the minister's attention again the need for winter works projects this winter for our municipalities out there in the rural areas. Where I come from, I know they are looking at a hard winter with many unemployed. They would like to have involvement in some winter works projects that would help to alleviate this. Have you anything further, Mr. Minister?

Hon. Mr. Bennett: I said to you the other day that we continue to look at programs and so on, but there is also a problem of making sure there is funding from some source. With the ministry's transfer payments to municipalities and so on we are pressed to the limit, and I would hate to give any false hope to people that we are going to come out with some grandiose plans, because every one of them takes a lot of money. When you get into a cost-sharing program with some municipalities they say, "Hold on, we do not

have any money." You know that and I know that.

I also know from my experience on Ottawa city council that not every winter works program was truly a winter works program. We sometimes found that people went off for a week's holidays and then came back for a winter works program. The work would have likely gone ahead anyway, whether the province had supported a winter works program or not. I am not saying it is widespread, but I would be surprised if it was not.

Mr. McKessock: I think it would keep quite a few people off the streets this winter.

Hon. Mr. Bennett: Just remember that if you are going to have a winter works program it had better be an effective and a necessary one, not just one to make work.

Ms. Bryden: I would just like to add on that, Mr. Chairman, now that the minister has municipal affairs under him I am sure he is aware that if the people are not working he is going to have to pay 30 per cent of the extra welfare costs. So it would be to his advantage, with his hat in municipal affairs and grants, to have the winter works programs and have those people working instead of on welfare. I am very glad that both opposition parties are together on the need for a winter works program. All we need to do is get you on board.

5 p.m.

Hon. Mr. Bennett: No. It is fine to say we are all in favour of it. All we have to do is find money.

Ms. Bryden: That is right.

Hon. Mr. Bennett: We are not the only government that should be concerned with unemployment. You have a senior government which, if you want to talk about sources of funds, has as great a source of funds as anyone, and it has been very reluctant to come to the table on programs.

Ms. Bryden: You could switch priorities and cut some of these grants to private companies.

Hon. Mr. Bennett: Which priorities would you like me to switch?

Ms. Bryden: Some of the grants to the private companies.

Hon. Mr. Bennett: They are make-work programs in a sense.

Ms. Bryden: Like the one that just went broke.

Hon. Mr. Bennett: If it had not been for some of the moneys coming from our different programs the pulp and paper industry might not have been able to continue their production and modernize it.

Mr. Wildman: The result is a net loss of jobs.

Hon. Mr. Bennett: You can have it two ways, Mr. Wiseman, right?

Mr. Wildman: Wildman.

Hon. Mr. Bennett: Wildman. You can have a net loss of 100 per cent or a net loss of a few because of modernization.

Mr. Chairman: We are into overtime and none of us can claim time and a half here, so I think we had better call the vote.

Mr. Wildman: Let the record show that "wise man" is a description, but Wildman is my name.

Hon. Mr. Bennett: Is it typical of the individual?

Vote 603 agreed to.

Mr. Chairman: Vote 601, which you do not have any backup information on, is for \$310,000 for legal services.

Vote 601 agreed to.

Mr. Chairman: This completes the estimates of the Ministry of Municipal Affairs and Housing.

The committee adjourned at 5:03 p.m.

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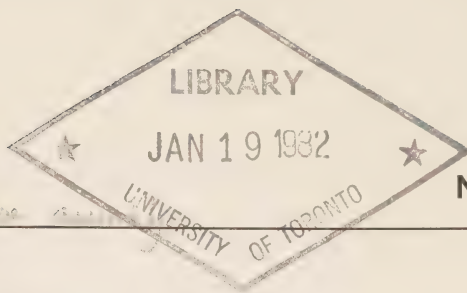
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 Bennett, Hon. C. F.; Minister of Municipal Affairs and Housing (Ottawa South PC)
 Brandt, A. S. (Sarnia PC)
 Bryden, M. H. (Beaches-Woodbine NDP)
 Epp, H. A. (Waterloo North L)
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 Wildman, B. (Algoma NDP)

From the Ministry of Municipal Affairs and Housing:

Dillon, R. M., Deputy Minister
 Farrow, G. M., Executive Director, Plans Administration Division
 Fleming, E. M., Assistant Deputy Minister, Municipal Affairs
 McDonald, R. M., Assistant Deputy Minister, Community Development



No. G-10

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government
Estimates, Ministry of Treasury and Economics

First Session, Thirty-Second Parliament
Wednesday, December 2, 1981
Morning Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, December 2, 1981

The committee met at 10:09 a.m. in committee room No. 1.

ESTIMATES, MINISTRY OF TREASURY AND ECONOMICS

Mr. Chairman: Ladies and gentlemen, we have a quorum. We were just discussing here that we have a little problem in that Mr. Miller has to be away on December 16, which is three weeks from today; so we are going to have two long days—six-and-a-half-hour days, by the looks of it—to accomplish what we have to accomplish.

Mr. Wildman: Mr. Chairman, on that matter, I have no objection to sitting an extra hour or two each day to get through it in two days rather than three, but I note the Liberal critic is not present; so I do not know what his feelings would be.

Mr. Chairman: We will let Mr. Miller begin his statement, and when the critic comes in, we will discuss it with him.

Hon. F. S. Miller: Mr. Chairman, I should explain my reasons for possibly having to be away on that second or third day. The federal-provincial ministers' conference will be on in Toronto. There is every possibility it will carry over to that day, but that is not a certainty. Right now the dates are a bit vague. It may turn out we have worked longer hours in vain only to find out it would have been available.

Mr. Wildman: Oh, well.

Mr. Chairman: We have other work we can do on December 16, anyway.

Mr. Wildman: Yes. This committee has no shortage of things to do.

Hon. F. S. Miller: I thought that might be the case.

Mr. Chairman, this continues to be a time of great interest and challenge to my ministry. The economic environment in which Ontario operates continues to alter rapidly. It has now been almost a decade since the first increase in international oil prices, and it has been two years since the major increases associated with the Iranian crisis.

We have seen just recently the conclusion of a

new oil pricing agreement in Canada between the producing provinces and the federal government. This new agreement should do much to end the uncertainty and rancour of the past year and a half, but it will unquestionably and dramatically raise energy costs for Ontarians both at home and at work.

Over the period 1981-86, the new agreement will cost the Ontario economy an extra \$11 billion over the original national energy program price schedule. Compared to 1981 costs, the average Ontario consumer will cumulatively pay more than \$5,000 extra for heating oil and gasoline alone between 1982 and 1986.

On the international scene, we have witnessed over the past several years the rise of newly industrialized countries as serious competitors in standard technology manufacturing and in natural resources. At the same time, there has been increased competition from the major industrial countries as they struggle with rising energy prices and slower economic growth. Also, we have seen the start of the implementation of tariff cuts negotiated at the Tokyo round of the General Agreement on Tariffs and Trade.

In the United States, of course, there has been a major change in the direction of economic policy with the coming to office of President Reagan. Three weeks ago, here in Canada, we had a new federal budget outlining Ottawa's fiscal and economic strategy for the medium term.

These are the changing circumstances to which the Ontario economy must continue to adapt, and the conditions which I, as Treasurer and Minister of Economics, must deal with.

I also want to outline briefly the extent to which the provincial economy has adapted in the past several years and to comment briefly on some of its prospects for the future.

Second, I want to describe what I consider to be the major issues facing those of us concerned with economic policy in Canada and Ontario. In this connection, I will say something about specific action the government is taking to deal with long-term structural issues through the Board of Industrial Leadership and Development.

Third, I will touch on key elements of our

fiscal strategy. Finally, I will comment on the crucial federal-provincial negotiations on fiscal arrangements, as well as commenting further on the federal budget.

The province's recent performance provides a perspective on the Ontario economy and how it has adapted to a fast-changing environment.

During the past decade, Ontario achieved a real growth rate of 3.3 per cent. The provincial economy created more than one million new jobs. Our average annual employment growth of three per cent matched Canada's average, and substantially surpassed rates in all major western industrial nations, including Japan, West Germany and the United States.

Although the recession in 1980 adversely affected job creation last year, 125,000 new jobs have been created in the first 10 months of 1981. The resiliency demonstrated by this record in these difficult times is characteristic of a dynamic economy, although at present there are serious concerns about the recession being thrust upon us by US monetary policy.

One sure sign of the underlying strength in the provincial economy is the faith that business investors have exhibited in its potential. In 1980, despite a drop in output, total business investment grew at 18.8 per cent. Investment in manufacturing grew even more spectacularly at 34.5 per cent, substantially outstripping the national rate of 27.7 per cent.

The 1981 survey of business investment intentions conducted by Statistics Canada suggests that business investment growth in 1981 will continue to be strong. This investment includes plans by foreigners, in Europe as well as in the United States, who view us not only as an economy with almost unlimited potential but also as one of the most stable political and social environments in the world.

While the stresses and challenges facing every economy in the world are formidable, Ontario is well placed to meet these challenges. Our broadly based economy places us in a unique position to take advantage of the major opportunities in the 1980s.

At the same time, a number of specific factors will allow Ontario industries to adjust out of low-productivity products to higher-productivity products. All sectors will participate.

The labour force, which, relative to other nations is well educated, highly skilled and occupationally mobile, will become more productive in the 1980s as the baby-boom generation enters the 35 to 44 age span, the most economically productive years.

I have to take exception to that; wouldn't some of the rest of us?

Expected strong growth in certain sectors of the US economy represents new opportunities for Ontario producers, particularly in high-technology areas. The Telidon system, public transit and the robot arm for the space shuttle program are examples.

Ontario industry will participate in hardware supply and contract consulting work for the megaprojects of the 1980s.

Markets for Ontario's expertise in resource projects, education, health and transportation are rapidly emerging in the newly industrializing countries of the Third World.

The increase in the number of consumers in the 25 to 34 age group in Canada and the United States offers Ontario manufacturers considerable opportunity. People in this age group tend to be at the highest consumption stage of their lives.

10:20 a.m.

Toronto will continue to emerge as a major centre for knowledge-intensive scientific, business and financial services.

A stable political environment with clean, attractive and safe communities will attract highly skilled people and the corresponding industries.

A well developed public infrastructure, combined with continuing relatively low prices for all forms of energy, places Ontario resource and resource manufacturing industries in a favourable position to grow with a strong recovery in the international economy.

There is evidence of these factors already in action. Ontario's manufacturing sector made a substantial, positive contribution to the provincial economy, as well as to the national economy, during the 1970s and this reflects the efforts of the Ontario government to ensure a positive environment for industrial growth and investment.

A highly skilled labour pool and the availability of advanced technology also has facilitated job growth in high-technology areas. More than one third of all manufacturing employment in Ontario is in high-technology industries, and the proportion is growing.

The high-technology and high-skill segment of the service sector has also been undergoing remarkable growth. Much of the recent growth is due to the spread of computer and information processing technology. These services, directly and indirectly, contribute to higher productivity in the mining and manufacturing sectors. Software for computer-aided manufac-

turing and design are examples, as is the mapping and analysis of geological information gathered from satellites and aerial surveys.

The growth of the business and technical service industries also reflects the increasing penetration of foreign markets by Canadian financial, business, engineering and computer consultants. As well as generating direct export earnings as payments for their services, Canadian consultants often induce their foreign clients to purchase manufactured goods and raw material requirements in Canada. For example, a federal study suggests that consulting engineers generate between two to five times their direct billings in export goods to foreign clients.

Industrial development objectives can be pursued by government in two complementary ways: by creating an environment that is conducive to investment and enterprise and by developing targeted, selective policies and programs aimed at fostering industrial development.

I now want to outline in more detail how Ontario has pursued these two avenues to economic development.

Perhaps Ontario's most important contribution to creating a favourable investment climate has been its sustained commitment in the latter half of the 1970s to restrain government expansion and free up resources for the private sector. Our record of success is revealed in public service employment figures, because over the last six years we have reduced the number of Ontario government employees by about 5,000 or nearly six per cent.

The driving force in maintaining and expanding Ontario's economy will be the private sector investment and initiative. The investment record I mentioned earlier underscores the private sector's commitment to growth in this province. I think Ontario will continue to attract business investment, although some aspects of the recent federal budget have not helped the situation. In my talks with businessmen from foreign countries, I am always impressed by their perception of Ontario as an almost unparalleled investment location.

Perhaps the most important characteristic of an economy that is attractive to investors and entrepreneurs is confidence that inflation can be contained. It has long been Ontario's view that a co-operative national strategy is required to bring down inflation and interest rates. While it is true that as Canadians our options are constrained by circumstances and policies beyond our borders, there are nevertheless some things we can do to improve our own situation.

High inflation and high interest rates rob the economy of potential growth. They increase uncertainty, discourage long-term capital projects, damage the collective bargaining climate and divert businesses from productive investment in new plant and equipment.

It is clear from the experience of recent years that monetary policy cannot be left to fight inflation on its own; it requires a battery of complementary weapons. Producing deficits, as I have said on previous occasions, is a key element. There are other policies to increase investment in productivity that we must pursue as well.

Perhaps the strongest incentive for increased investment that governments could provide is one that would not cost the public purse one cent, an improvement in the business climate in Canada and the removal of the uncertainty surrounding the role that government will play in the economy.

Mr. Peterson: Are you suggesting that we have to get rid of the federal Liberals? Is that your point?

Hon. F. S. Miller: I wouldn't ever come to that conclusion but, since you have drawn the picture, it seems logical. Certainly I understood that a number of your colleagues spent a good deal of time on the weekend—

Mr. Peterson: They say the way to change is to get rid of you.

Hon. F. S. Miller: Ah yes, but you and I know better.

Mr. Wildman: It seems to me the best thing to do is to adopt NDP policy.

Interjections.

Hon. F. S. Miller: The temptation to carry on is too great.

Mr. Peterson: I just said to Andy, it sounds like you are reading *The Three Bears*. If my kids are not sleeping some night, I would like you to come over and read this stuff to them.

Hon. F. S. Miller: It is a technique we have used on the opposition for years.

Mr. Peterson: I know.

Mr. Wildman: That is the whole problem.

Mr. Peterson: The economics of anaesthesia.

Hon. F. S. Miller: I thought he was shot in New York. No, that was Anastasia.

Foreign capital and expertise responsibly managed have made major contributions to Canadian economic development. They must continue to do so. Our investment needs for the

next decade will clearly require more foreign capital. Therefore, I am pleased to note that one of the few positive statements of the federal budget is its abandonment of the federal intention to expand the Foreign Investment Review Agency by adding new powers that would interfere in private investment in Canada. Such proposals could only have weakened foreign confidence in Canada as a place to invest. Ontario welcomes responsible foreign investment, and has always treated foreign investors in a fair and forthright manner. I trust our federal government is now committed to the same principle.

The federal government could also improve the climate for all Canadian investors by withdrawing its ill-conceived proposals on competition policy. Governments can never be the most effective guardians of competition in the economy. The international economic environment in which we trade is highly and increasingly competitive. Tariffs are falling as a result of the latest General Agreement on Tariffs and Trade arrangements. Competition from low-wage countries is escalating rapidly, and competition from other industrialized countries and trading blocs is also intensifying.

Provincial governments also have an important role to play in improving the Canadian business climate. A first step should be to break down the barriers to interprovincial trade that have been erected over the years. As well, we need more initiatives like the medical/health care products import replacement program, initiated by Ontario. This agreement provides an example of the advantages in scale economies and international competitiveness from which we can all benefit.

10:30 a.m.

I have said that a sound economic environment is essential to vigorous development in this country and that responsible fiscal policies are part of a sound environment. I also believe that economic development policies must be selectively and carefully targeted to achieve maximum effectiveness per dollar of incentives. This is the kind of approach we are developing with the Board of Industrial Leadership and Development.

To date, BILD has approved funding commitments totalling \$614 million over the next five years. This funding has already generated additional investment commitments of \$275 million from the private sector and other governments. During the current fiscal year, BILD initiatives will result in an expenditure of about \$145 million of new money.

I am, however, disappointed in Ottawa's response to our invitation to participate in the BILD initiatives. And the federal budget recently released demonstrates again the seeming inability of the federal government to translate strategy into action where economic development is concerned.

Two weeks ago, I released to the Legislature a paper outlining the major accomplishments of BILD in its first year. I wish to touch briefly on some of the major highlights.

First and foremost, Ontario is a manufacturing province. To preserve our position in the Canadian and international economies will require major improvements in manufacturing productivity. Advances on the scale needed will come from new technologies such as microelectronics and the emerging industries built on those developments. Accordingly, through BILD, the government is providing new support for research and development and the market expansion of our high-technology sector.

Legislation establishing the IDEA Corporation as the linchpin of the government's research and development strategy received royal assent on October 30. Representing the business, government, labour and academic research communities, this organization will co-ordinate and promote initiatives aimed at research and technological innovation in Ontario.

Work is nearing completion on the details for the creation of technology centres in auto parts, microelectronics and computer-aided design and manufacturing. These centres will be launched this fiscal year.

High-technology industries depend on world markets. BILD wants to make sure our industry is able to capitalize on export opportunities. An additional \$25 million has been devoted to the export financing program of the Ontario Development Corporation, raising the total available to \$50 million. Up to \$15 million in new funding will be committed in 1981-82.

Ontario is also financing a world-scale biotechnology company in partnership with the Canada Development Corporation and John Labatt Limited. BILD has committed \$30 million over a 10-year period, and construction has begun on the facility in Malton.

New high-technology enterprises tend to be high-risk ventures. They require assured access to capital if they are to survive the lean years and carve out a niche in the international marketplace. Accordingly, BILD has earmarked an initial \$10 million to assist Canadian-owned high-technology firms. This program, adminis-

tered through the Ontario Development Corporation, provides startup and early development funding and will take bridging equity positions when necessary. Already, six investments totalling \$1.4 million have been approved.

Apart from manufacturing, BILD has announced major new commitments in support of electrical generation, advanced fuel-efficient transportation, shipyards, agriculture, forest management and regeneration, mineral production, manpower training, community infrastructure and the upgrading of tourism facilities.

The BILD initiatives will contribute to our fight against inflation, which must be attacked within the context of a pro-growth, productivity strategy. Ontario is showing the way by launching growth-creating, productive public investments, which will strengthen our economic base for the challenges of the 1980s.

A key element in Ontario fiscal policy has been controlling the size of government while continuing to provide resources to further economic growth and to provide high levels of service for all segments of Ontario society. Our policy is to ensure, as far as possible, that the growth of provincial spending remains at or below the rate of growth of the economy.

You may recall, Mr. Chairman, that my budget for the 1981-82 year held the rate of growth of government spending below estimated growth in gross provincial product. Since that time, and as reported in Ontario Finances, inflation-induced pressures for increased spending have arisen in a number of priority areas, chiefly in the provision of health care and social programs. As a result, the province's spending for 1981-82, excluding Suncor, will grow at 14.3 per cent. This is a slightly higher than the estimated 13.6 per cent growth in GPP forecast in the last budget. It is the first time in six years that we have exceeded the GPP growth rate.

This deviation from our long-term fiscal strategy is required to ensure that the quality of essential public services is maintained. This is particularly important in health care where spending increases have been necessary. As was noted in the 1981 budget, we have made much progress in controlling public spending, but obviously we cannot completely isolate ourselves from inflation.

Nevertheless, I remind members of the committee that over the last six years Ontario has reduced the number of civil servants by about 5,000, or nearly six per cent. In this context, the reduction in manpower in the Ontario public

service represents a significant increase in productivity. I am particularly pleased that this has been achieved over a period when, as documented in the papers accompanying the 1981 budget, the province has also undertaken a substantial reorientation of its expenditure structure to recognize the changing needs of our economy and society's changing priorities. I might add, by way of contrast, that the federal civil service has grown by 5,600 persons over the 1975-80 period.

Turning to the revenue picture, we now forecast growth of 13 per cent. This growth rate reflects not only the tax increases announced in the budget but also a \$206-million improvement in the revenue outlook since May. The main features of this improvement are increased investment income owing to higher interest rates, increased gasoline and motor vehicle tax revenue and an upward revision in personal income tax receipts estimated by Ottawa and based upon a considerable improvement in the economic performance during the first half of 1981. Notwithstanding concerns expressed during the budget debate regarding the tax increases, Ontario's estimated revenue growth for the year is still less than the anticipated growth in the economy as a whole.

I should also note that some modest tax reductions have been introduced throughout this year. The reductions in taxes—in the temporary retail sales tax rebates for automobiles, in the improvements to the small business development corporation program and in the extension of the retail sales tax cut last year—are relatively small in total but are none the less significant to the individuals and small businesses concerned.

In addition to these reductions and as promised in the budget, Ontario has introduced home heating tax credits and grants for pensioners and low-income households. In sum, Ontario has continued to apply tax relief selectively where economic circumstances warranted, a flexibility that our cost-containment efforts permit. In addition to the tax changes already in place, the province has continued to work towards improving the overall structure of its revenue generation.

At this point, I want to turn my attention to what in my view is a most significant and controversial document, the recent federal budget. In terms of economic policy, as I have said, I welcome efforts to reduce the federal deficit, but I find the interest rate policy still

unacceptable. There is further room, for example, to reduce the spread between Canadian and US interest rates.

In my statement to the Legislature on November 19, I indicated that my ministry was still studying the potential adverse impact of some of the tax changes in the federal budget. Having reviewed the preliminary results of this work, I am becoming increasingly concerned about the impact of the MacEachen budget on Canada's prospects for economic growth in both the long term and the short term.

10:40 a.m.

One major concern is the immediate impact on investor confidence in Canada. I have repeatedly indicated my view that governments should not make significant changes that have profound effects on business decision-making without adequate consultation between the private and public sectors. In addition, one has to be very judicious about how abruptly change is applied. On both these counts, Mr. MacEachen's budget falls far short and that has serious implications for the climate for investment in Canada.

I do not deny the positive elements in the federal budget, but on balance I feel that international and domestic confidence in Canada as a sound place to invest has been battered by it, and this will make the task of improving our economic performance all the more difficult in the months ahead. This view reflects the timing of the changes as well as the fundamental shift in the priority attached by the federal government to private investment.

Of all the tax changes announced on November 12, the ones which are doing the most to deter potential investors, the people who really create employment in this country, deal with the process of accumulating capital for investment.

The federal budget seriously impedes the financing of investment in three ways: by limiting the deduction of interest expense, by taxing income on an accrual basis rather than on a cash basis and by severely limiting the averaging of incomes between years.

The strictures placed on the investment financing process do impact on big business and wealthy investors but many of them will be able to adjust. I am more concerned about individuals who are not wealthy but who are willing to take a risk, such as the small businessman. In particular I am concerned about businesses that are in the process of starting up.

Anyone who has started a business will tell

you how difficult it is to get financing. An established company has a number of financing alternatives, but a new business that wishes to expand is limited in its financing options. Consequently, dampening financing prospects will have a disproportionately adverse effect on small and starting businesses. Yet it is new businesses and small businesses generally that provide most of the job creation in this country as well as contributing significantly to our prospects for prosperity in the long term.

In my view, the most onerous provision in the federal budget is the limitation placed on deductibility of income expenses against income. There are many individuals who are prepared to invest significant sums of money in relatively high risk ventures. Under the MacEachen proposals, a wealthy person who has investment income could continue to deduct any interest costs on money borrowed to take equity, but a less affluent person who relies primarily on wage income could not. The result of this could well be that in the second case the investment cannot be made and the new business, along with the jobs it might create, remains forever what might have been. Not only does this rob the economy of some of its growth prospects, but it is patently unfair.

The replacing of the previous income-averaging provisions with limited forward averaging, including prepayment of taxes, is a second major concern. There are a number of possible ways this measure will seriously dampen investment.

Consider for example the farmer who is relying on hard-earned capital gain derived from the sale of a farm to provide for his or her retirement, or a wage earner who decides to go into business for himself, intending to use lump-sum termination benefits for financing. Such receipts will be taxable in the current year under the federal proposals, thus reducing considerably the cash flow available for the new venture or retirement scheme. It is little consolation that there may be tax savings in future years. That money is needed now to start the new business or set up an income flow.

Moreover, in some cases a person will not know whether to opt for income averaging. Take for example a starting businessman who makes one good deal in the first year but has no basis to project further earnings. Under the old provisions, he would be protected by automatic backwards averaging; under the new regime, he could be penalized. Again, it is the risk takers, those whose future earnings are unknown, who suffer.

Another concern is the taxability of deemed capital gains on shares in the case of corporate restructurings. Not only does this move reduce the flexibility of small and growing businesses to expand and existing businesses to adapt, but it could quite conceivably force Canadian companies into foreign hands. I have stated in the past the need to welcome productive foreign investment, but I do question measures that could unnecessarily add to foreign control of Canadian businesses.

I feel the federal government is imposing what amounts to a substantial tax on the corporate restructuring that may be necessary to meet new business conditions. Ottawa has already been made aware of the inherent contradiction between the proposed tax changes and the necessary restructuring of resource companies to meet the objectives of the national energy program. I hope this example will lead to a re-examination of this proposed tax change in light of its broader implications to the many industries in Canada now undergoing necessary and desirable changes in structure.

Investment is critical to our future economic wellbeing, yet it is a very sensitive and fragile activity. As I have indicated, the attractiveness of this activity has been damaged by the federal budget. Mr. MacEachen has recognized some mistakes and his alterations to his budget measures in respect to multiple-unit residential buildings are appropriate. I feel he should reconsider as well the measures I have raised today.

Despite the federal budget's claim to have equity as one of its main objectives there are some tax changes that hurt the average citizen very deeply. One such change is the taxation of investment income earned on a whole life insurance policy. They propose to tax such income on an accrual basis every third year. Many ordinary Canadians use such life insurance policies as savings as well as insurance vehicles. They are nonsophisticated investors, yet this budget was purportedly only to get the high flyers on Bay Street. In that case Mr. MacEachen should look again.

As the members of this committee know, the current year has been one of great uncertainty and potential conflict in the area of federal-provincial fiscal relations. In its October 1980 budget, the federal government announced its intention to realize large reductions in future transfers to the provinces. The recent federal budget finally gave the provinces some idea of the actual proposals the federal government

wishes to negotiate. As you know, I have just returned from the first meeting of the finance ministers in Halifax on the renegotiation of fiscal arrangements.

Prior to the established program funding arrangement, health and post-secondary education were financed through federal-provincial shared cost programs. The provinces were levered into these arrangements in the late 1950s and early 1960s with a clear commitment from Ottawa that it would finance a specified fraction of provincial costs provided certain conditions were met. However, when the costs of these programs began to escalate rapidly, as many provinces including our own had warned they would, the federal government went back on its word and arbitrarily clamped ceilings on its contributions.

10:50 a.m.

In 1972 a 15 per cent ceiling was imposed on federal contributions to post-secondary education. In 1975, the federal government introduced a phased-in ceiling on medicare contributions and also gave notice of its intention to terminate the hospital insurance agreement in 1980. That was the earliest date permitted because they had to give five years' notice. In 1976, after lengthy and complex negotiations, the federal and the provincial governments found a workable compromise on the fiscal arrangements for the next five years. This compromise involved a great deal of give and take on both sides, as well as a mutual understanding of the need to better control future cost increases in the major shared cost programs.

The federal government got out of its legal obligation to continue until 1980. It got out at that point from its open-ended cost sharing of hospital insurance and in fact was assured that transfers would grow at a rate that was consistent with the gross national product growth. The formula did that.

It also reached a permanent compromise on the termination of the revenue guarantee program. The provinces, I think it is safe to say, were forced to accept a financial settlement that represented only about 40 per cent of the value of the guarantee at that time. Ontario, for example, received approximately \$460 million in revenue guarantee payments in 1976. The following year the compromise settlement flowed only \$167 million to the province.

The provinces therefore, incurred a sizeable net fiscal loss under this compromise. Perhaps even more important, they assumed consider-

able fiscal risks in respect of future costs in health and post-secondary education. However they also gained the critical flexibility in their program planning to reorder their priorities, shift the emphasis to low-cost alternatives, especially in hospital care and bring spending growth under control.

During the past five years, and contrary to the spirit of the new fiscal arrangements, the federal government on many occasions has criticized the provinces for not paying their fair share in these programs and, implicitly, for not spending enough. By using some rather questionable statistical comparisons, the federal government came up with dramatic illustrations, often singling out Ontario as a major culprit. The facts simply did not bear out these federal accusations. As the provincial premiers all reported in their Victoria communiqué of August 1981, the federal share of health and post-secondary education did rise over the past five years, but by 1981-82 was still only 41.4 per cent. With regard to health financing in particular, the Hall study concluded there was no evidence provinces had diverted federal funds for health care to other uses.

In fact, during the past two years, the provinces have become only too aware of the risks they assumed under the new EPF arrangement. The outlook for the immediate future is that cost pressures will continue to exceed the growth expected in the existing EPF formula transfers, since the escalator under the formula is based on past, not current, GNP experience. I might add here that the parliamentary task force on federal-provincial fiscal arrangements stated that it could not support cuts in EPF funding.

I also remind you that as early as 1979, barely two years after program introduction, the federal government attempted to reduce the EPF escalator. Confronted with a strong provincial reaction, and perhaps recognizing the inconsistency of its approach, Ottawa backed off. However, in order to protect EPF, provinces were forced to accept reductions in other transfers. Also, as the costs of the new equalization program formula began to escalate because of higher energy prices, and as Ontario became entitled to equalization, the federal government took legislative action to modify that program.

Looking back, therefore, the past five years of the newly negotiated arrangements have been a period of surprising turmoil, which greatly undermined the provinces' confidence in the stability and permanence of any agreements

they reach with Ottawa. The fate of the community services contribution program is a perfect example.

The new federal proposals for the next fiscal arrangements period contain even stronger elements of uncertainty. Effectively, the provinces are being asked to sacrifice immediately the important quid pro quo element of the 1976 established program funding compromise in the form of the revenue guarantee settlement. However, in addition they are expected to enter into discussions on further changes to be made to EPF for 1983 and beyond. Even though these changes have not yet been formulated there are clear indications of further fiscal setbacks for the provinces and a threat of large reductions in EPF transfers if the provinces are unwilling to co-operate.

Mr. Chairman, that concludes my opening remarks.

Mr. Peterson: Mr. Chairman, this is the windiest statement I have ever heard from the Treasurer. I don't know if it reflects your new deputy or all these people you have assembled here. I remember that McKeough used to walk in here and never make a statement. Things were going reasonably well in the province then, I guess. I have noticed the length of the statement is in direct proportion to the problems in the economy here.

It's interesting that half of it is fed-bashing. Frankly I don't think you have come to the very critical problems this province is facing right now in any significant way. It troubles me that it's very difficult to get responses from you on this question. If we question long-term strategies you say we're not doing enough in the short term, and if we criticize the short-term responses you say you're concentrating on long-term responses. There seems to be absolutely no way we can get attention on the same kinds of questions that bother us in the opposition and, frankly, bother a great number of people in this province. There is a widespread and profound sense of ennui and anxiety in this province right now. As much as you have tried to put a good face on some of the economic problems we're facing immediately in the long term—

Hon. F. S. Miller: How can you have ennui and anxiety at the same time? I thought ennui was boredom.

Mr. Peterson: We're bored with you, too. That's what I mean: They don't like you. The net result is that nobody likes you. That's what I'm telling you.

Interjections.

Mr. Peterson: It's not my intention to make a great, long speech, because we can save those for the Legislature. The only reason I like estimates is that it is a chance to talk to you and get responses to certain questions.

We are of the view that we need immediate aid in a number of sectors. It appears to me you have exhausted a number of your options, particularly by the Suncor purchase which is gargantuan even in terms of your long-term economic strategy.

This Board of Industrial Leadership and Development program, your solution to Ontario's economic dilemma, at this point is still smaller in terms of its contribution over the next five years than the total Suncor purchase. I think your response in the BILD program—obviously it was a political response to an economic question—is meagre, paltry and superficial. If it's a question of available resources I do not think you have an argument, because you decided to use what available resources you had or resources you were prepared to raise or borrow for a program that gives the appearance of doing something but in fact does nothing.

I want to talk about Suncor right now. We haven't had an opportunity to have a meaningful exchange on this thing. We just sit in the House and try to ask for information and it's never forthcoming. I'm not sure you know anything more than I do about it, but let's try anyway.

Is there anyone here who is involved in that? Do you want to involve anyone else in this discussion?

Hon. F. S. Miller: I'm sure they're all listening. Do you intend to ask questions now?

Mr. Peterson: Yes. I'm going to ask you some questions.

11 a.m.

Hon. F. S. Miller: I am guided by the chairman at this point.

Mr. Peterson: I want to know your involvement—

Mr. Chairman: Excuse me, Mr. Peterson. I intended to have a response from both critics, and then Mr. Miller could—

Mr. Peterson: Generally it is my experience that various critics can do whatever they want. I know my friend Mr. Wildman will probably speak for a month and a half, or an hour and a half at least. Since I have the floor it seems to me it's my right to proceed directly to questions if I so desire.

Hon. F. S. Miller: The chairman will have to decide that.

Mr. Chairman: The way I have been conducting the estimates that I have been chairing has been to have you respond, then let the NDP critic respond and then let the minister answer those questions.

Mr. Peterson: I would ask you to alter your strategy, then, for this meeting, because I would like to proceed directly to questions. Estimates are meaningful from my point of view only if there is a chance to discuss various issues. It is not a bunch of people making speeches with no direct or immediate response, which we can do in the House.

Mr. Chairman: Could you not save your questioning for the various votes? That's the way I prefer to run it.

Mr. Peterson: No. My experience of estimates has been that under the general vote there has certainly been a wide degree of latitude involved.

Mr. Chairman: I have tried fairly successfully to allow as much latitude as possible the way we have operated. The same questions can come up under the votes, can they not?

Mr. Peterson: One of my problems is one of the Treasurer's problems: I have certain time pressures. I won't be here all the time, just as he's not going to be here in three weeks when I could be here. But he can be here next week. Since I have the floor I would ask you to be somewhat indulgent and let us carry on our dialogue.

Mr. McGuigan: I think we should fall back on the democratic principle that the opposition should be heard. Some of that depends on the way the opposition wants to be heard. I think you should take that into consideration in your ruling.

Mr. Chairman: I have no intention of not having the opposition heard, by any stretch of the imagination. But on the question of changing the process, this committee has gone through three previous sets of estimates and it has worked quite successfully.

Mr. McGuigan: The precedents go back much further than those three.

Hon. F. S. Miller: I will abide by whatever the chair rules. I have gone to estimates where there was wide-open discussion and those where members stuck very strictly to the vote and item number as interpreted by the chair. The latter tends to focus attention on the specific allocation; that's the way it was designed to be done. I will sit here for 13 hours and for 13 hours we will

discuss it. But I have to bow to the chair and let him decide which way he wants to run it so it will be fair.

Mr. Peterson: The Treasurer will recall, Mr. Chairman, that last time we had a wide-ranging discussion and did all the votes at the end. That was the way we had agreed to do it, and it worked fairly well.

Hon. F. S. Miller: I quite agree with you. I'm not trying to influence the chair. I'm simply saying I'm here for 13 hours, and whatever you as a committee do with me I am willing to put up with.

Mr. Eves: Mr. Chairman, if I may make a few comments. I think you have quite rightly laid out the process that is usually followed, which is that the minister makes an opening statement; the two opposition critics are entitled to make their opening statements, and they can put questions in those statements if they wish. But I don't think it should deteriorate into a question and answer period at this stage of the game. After Mr. Peterson and Mr. Wildman are through with their opening statements then the general practice has been they can be given very wide latitude on the first vote. If Mr. Peterson has several questions he would like answered perhaps that's a more appropriate time to raise them.

Mr. Wildman: I'm easy on this one way or the other. I'm prepared to make some comments, ask questions, have the Treasurer respond after that and then move to questions on the first vote, or to do it in another fashion with an exchange now—whichever you prefer. I'm willing to abide by whatever decision you make.

Mr. McGuigan: I think that what's being asked here is slightly different from past experience, but we must realize that in our present leadership race David has a great many pressures on his time. It would seem to me a small courtesy on your part to grant him what he's asking.

Hon. F. S. Miller: I'm anxious to help you, David.

Mr. Peterson: You're helping me more than you know. I'll help you at the appropriate time, too.

Mr. Chairman: You are going to be here for the balance of the day for sure. Is that right?

Mr. Peterson: There are some meetings I have to run to, but if Mr. Wildman wants to handle it his way, fine. I understand your

experience, but your experience is over the last six months. Over the last six years we've had a variety of different approaches.

What does it really matter? Why waste time arguing about procedure? Let's get on with it, because I'm far more interested in having a discussion with the Treasurer. The last time in estimates we had some very fine discussions about a variety of issues. I enjoy that more, and it is more important from our point of view.

Mr. Chairman: I'm afraid I have to rule that we will continue the way this committee has operated for the various sets of estimates—

Mr. Peterson: May I ask you why you are so pigheaded about it?

Mr. Chairman: It isn't a matter of being pigheaded; it's a matter of having set a policy, and I like to—

Mr. Peterson: Just because you set the policy doesn't mean it's right or can't be changed.

Mr. Chairman: Certainly it can be changed.

Mr. Peterson: Let's just start having a discussion about important issues. I told you that McKeough never used to read a statement; he just came in here and said, "Let's have a discussion."

Mr. Chairman: I'd be willing to let the committee decide which way to proceed.

Mr. Peterson: Why not just use your discretion as chairman?

Mr. Sheppard: Carry on, Mr. Chairman.

Mr. Kells: I support you even though you are pigheaded.

Mr. Peterson: Why can't we just be flexible about it?

Mr. Chairman: I just feel we'd like to follow a procedure and not have you and Mr. Miller get into a dialogue now.

Mr. Peterson: Why?

Mr. Chairman: I just feel we should get through the opening remarks. This is the way I would like to go—

Mr. Peterson: The opening remarks are regarded the same way his opening remarks are always regarded: they're basically irrelevant to the whole discussion.

Mr. Chairman: We can get into the meat of it very quickly in the vote.

Mr. Peterson: I don't want to talk about that. I want to talk about some other things he has glossed over.

Mr. Chairman: I'm sorry, Mr. Peterson.

Unless I'm overruled I would like to proceed the way we have proceeded quite successfully during the past few estimates we have run in this committee.

Mr. Peterson: I have to challenge your ruling. I think it's a ridiculous ruling.

Mr. Sheppard: I suggest we carry on as we have before.

Mr. Chairman: Mr. Peterson has challenged my ruling. Do you wish to uphold Mr. Peterson's ruling? Those in favour of the challenge?

Clerk of the Committee: Mr. Peterson is not officially a member of the committee.

Mr. Chairman: I'm sorry. I didn't realize that, Mr. Peterson.

Mr. Peterson: I can't even vote.

Mr. Chairman: You can't even vote. That's right. Those who uphold the ruling of the chair?

Motion agreed to.

Mr. Chairman: All right. If you will proceed with your remarks Mr. Miller will respond to them after hearing Mr. Wildman.

Mr. Peterson: I hate wasting time on this, but since you want me to waste time let's go ahead and do it.

I think we have not addressed the fundamentals of the problems of the economy at this time. The things Stuart Smith talked about in the last campaign are now touching people in very personal and real ways. In a sense he was six months ahead of his time. You cleverly combated that message by talking of him as "Dr. Negative" and exploiting certain political weaknesses he was prone to be exploited on. But that was probably the most dishonest campaign I have ever seen in my life. Maybe it's politics at its worst.

The reality is—and it's becoming widespread, in my opinion, and the average person on the street realizes it—that we in Ontario are in a major decline today, not only in relative terms but in real terms. Your only response, as we see the havoc of deindustrialization going on around us, has been that you have created 125,000 jobs in the last year. The layoffs that are currently going on—a lot will be permanent, though I hope they won't be—are a testament to an eroded manufacturing structure in so many areas.

The facts are that today we are tenth and last in the rate of growth of personal disposable income and per capita income; we are tenth and last in per capita wages and salaries, growth rate

in public investment, residential construction, manufacturing shipments, per capita value added and per capita gross provincial product.

11:10 a.m.

I am not one of those who begrudges the move to the west. I have always been one of those who said we had a major economic opportunity because of that, and that is in the sense of addressing ourselves to realities of the shifting economic balance in this country.

Your government was, in my opinion, the chief stumbling block to taking advantage of those new realities in this country. Your government's performance on the oil-pricing question was the most dishonest performance I have ever seen by government; second only probably to its performance on rent controls in the last election and in the last few years.

You would have taken a leadership position on the oil-pricing question if you had started to talk about revenue-sharing and the distribution of those incomes as opposed to the pricing question. You lost credibility in the national councils on that question. You lost our opportunity to exploit those things. The reality is that three or four or five years ago, when anybody who was sensible knew that oil prices were going up, we could have had a co-operative relationship with a number of those projects out there. We are now sitting here after the fact, after the NDP argument was kicked out, was spat out of the system, with everybody dragged kicking and screaming into it, with your sort of tacit acceptance after the election. You could have played a very major leadership role on that question many years ago.

I think one of the problems we have today in this province is we did not take advantage of those realities. We were not prepared to recognize those realities, took a completely political view of the question and now in some respects are suffering. It is my view that in the short term at least, we have a very major vested responsibility to get on with some of those projects. Probably in the short term, one of the only solutions we have to the economy of this province is piggy-backing on some of the projects out west.

A lot of those have been held up. People are re-examining the pricing structure on a number of those programs because of inflation. They are a heck of a lot more expensive to build than they would have been three or four years ago when there was the potential, had the right kind of agreement been made, to build those kind of projects. We could have capitalized them then.

I look at the failure of your government leadership. I am not making this personal because I frankly do not think you were the key player in this situation. You were not the Treasurer at the time, nor were you the Premier at the time, but I see the dishonesty of that kind of approach.

I see the dishonesty of the approach of the Premier when he came to my riding in 1977 and said to all the Tory workers, "You guys just go out and tell everybody that David Peterson wants to put oil prices up and run against him on that." In retrospect, we are the only party in this province that had any integrity at all on that subject.

We recognized this as a reality and we were prepared to deal with it. We were prepared to start in a small way, building our economy step by step towards the realities of higher oil prices, higher energy prices. When we are the highest per capita consumers in the entire world we have a major problem with the rapidly escalating energy crisis we are going to face. We have faced it and will continue to face over the next little while.

You addressed that in the first part of your statement. You are quite right. We are five years behind in dealing with that question. It was all done in a political context, but it is one I regret very much. It is another reason why Ontario is not held in very high regard by other areas of this country today. We are seen as serving our own interests when the broad interest would have been served much better by recognizing those realities five years ago and developing a strategy to deal with those things.

Now we are trying to adapt to the immediate and rude shock of that problem, and it is taking its toll everywhere. I blame your government for that lack of perception and for that lack of leadership. It is interesting how mute you were after the NDP agreement, how everybody in your government kept their mouth shut about the whole thing. We are five years late, and that is the whole problem with your government.

You do not recognize what I consider the writing on the wall, and you do not move nearly fast enough to deal with the things that are going to come. We know that the 1980s are going to be a very different kind of time than the 1970s and 1960s were. The easy time is over.

That is becoming, as I said earlier, impressed on almost everyone's consciousness today. There is a great deal of worry about the future in this province and our capacity, your capacity, to manage over the next 20 years. You have been

hanging on to the old shibboleths, the old dinosaurs, propping them up, with precious little activity, either in the long term or the medium term, to deal with our future opportunities.

One can see that, for example, in the Board of Industrial Leadership and Development (BILD) program, which promised \$750 million over a five-year period—less than you were contributing to the old employment development fund. Frankly, putting in \$750 million and looking for another \$750 million from various other sectors—private, other levels of government and whatever—is peanuts in terms of an industrial strategy to rebuild the economy.

A sum of \$150 million a year is nowhere near what is going to be required from our government, particularly when one looks in detail at the BILD program, and sees that a lot of it is just recycled money anyway. Lowering rural hydro rates was put in the BILD program. It was just a grab bag, everything you could possibly find you threw into the pot to make a good document, and you fooled an awful lot of people.

I remember sitting reading that document at a great press conference when you announced it three or four days before the election. I remember reading the thing. It was brilliantly conceived in an electoral political way. There was a little gift for everybody: You need a little grain storage; you need a little drying machine; you need a road; you need better hydro rates. There wasn't a place in this province you or any Tory candidate could not go and make a speech on that BILD document.

Now we have found, on careful examination of your own figures which were tabled in the House a week or so ago in response to press articles, that it was really smoke and mirrors and very little of substance, there is very little in it that is new. The Toronto convention centre, the Ottawa convention centre, the radial road improvements, the intermediate capacity transit system in Hamilton-Toronto, the biotechnology centre, all that stuff is recycled.

In real terms there is very little significant new contribution to the building of the industrial infrastructure over the next little while. It was brilliantly conceived from a political point of view, but as an economic response, as a meaningful view, it is paltry, not only by comparison with the past but in comparison with what is actually needed in this province at this time.

The government has an important role to play. There are a number of areas that will not

be handled by private enterprise exclusively. I would prefer the government did not have to do it, but the genius of government is to recognize what they have to do and what they should be doing and what they should not be doing. What you are doing is stuff you should not be doing, and you are not doing what you should be doing.

You should not be doing Suncor. That was, in financial terms, probably the dumbest deal ever in the history of business. That company was turned down by a variety of other financial institutions and energy companies. We have yet to see any proof it was a good deal. If you can provide it today I would be delighted. I gather you are sending your runners into our caucus tomorrow to explain why this was such a brilliant deal.

I have no idea about your personal involvement. I only know what I read, which is that probably you did not like it personally, but you were dragged into it kicking and screaming and in the interest of cabinet solidarity you closed ranks and said, "Okay, I will go out and borrow the money to buy this oil company and we will hope for the best."

Let us talk about the straight financial terms for a minute. An amount of \$325 million is being added to your net cash requirements for this year, driving your deficit up some 47 per cent. Your deficit and your net cash requirements have been kicked around so much in the last two or three years, it is unbelievable.

They have been down, and then you did some free-flow prepayments two years ago to bring your deficits up, and then you brought it down the next year and kicked it up this year. I can understand Mr. MacEachen not taking your financial advice about deficits very seriously when you suck and blow at the same time. You drive yours down and you drive them up to serve whatever political purposes you deem necessary at the time.

11:20 a.m.

With Suncor, we are blowing another \$325 million this year. That is going to have to be totally financed. The interest on that is going to have to be financed. It is not as if that money is lying around. For \$325 million there are so many other creative opportunities in this province to create jobs, to build towards energy self-sufficiency, to build high-technology industries. It was a major mistake.

Second to the jet, which was only coffee money by comparison, Suncor was the biggest single, stupid political mistake you have ever made. It was a dramatic miscalculation, and it is

going to cost you. You did it for political reasons and it will hurt you politically. But that does not bother me as much as the economic folly of buying that oil company. I know you are going to search around and try to find an equity partner to bring in another 26 per cent so you qualify for national energy program incentives. The reality of the NEP incentives is that you are stealing federal tax money to get it into the provincial taxpayer's pocket.

You are one of these people who go around when it serves your purposes and says, "There is no sense taking equalization, for example, because 40 per cent of that equalization would be paid out of our pocket anyway." When you get the NEP incentives, you are paying 40 per cent of those NEP incentives anyway through the Ontario contribution to the entire federal tax take. You are not getting the big incentive you thought you were going to get out of that deal, and it goes contrary to the logic that you employ to rationalize a number of other situations that you are in.

You are going to have to pay interest on that. We have established that on a \$650 million purchase it will cost at least \$108 million interest in the first year. That interest is going to be compounding, so you are paying interest on interest. Our figures have yet to be disputed that over the next 10 years it will probably be in the order of \$2.4 billion, barring interest rates coming down. That was at 17 per cent compounded. That was the figure that Malcolm Rowan used at the great press conference when he told the government what he was going to do for the people of Ontario.

The rationalization has been that it was a window on the industry, one that we already have, and that you support Canadianization. I am one of those people who supports Canadianization, but buying 25 per cent, a minority interest, in a foreign oil company—foreign in terms of outside of our jurisdiction—is not Canadianization. It is taking a minority position in a company that you cannot even use as an instrument of public policy because you do not control it. You do not have the votes on the board and you may or may not find a friendly partner.

You may be able to get somebody in the federal government who tacitly agrees with everything you have done because it sort of justifies in broad terms the way they have approached the energy question and they may be very happy about that. But in real terms it does nothing for Ontario, particularly using a

finite and scarce resource like money today. So I think you are accomplishing very little with that purchase.

You say it is going to generate a 15 per cent rate of return. I assume that is after interest. We have worked up some figures showing that on the basis of generating a 15 per cent return, you are going to have to make something like \$900 million a year out of that company. As I recall, its revenue is only about \$1.2 billion, so in order to get a 15 per cent return back to Ontario you are going to have to take dividends. The irony is you are going to have to dividend out in order to make that money. That company has never paid a dividend.

You will get 25 per cent of the dividends and Suncor US will get 75 per cent of those dividends, so you are going to start a dividend policy which will run the money across the border for the first time in the history of that company and further depress the price of the Canadian dollar. Of all the things you want to accomplish the irony is you are not accomplishing any of them, and in order to get any money out of it you further corrupt the system through the dividend policy.

You have never said whether you will take dividends or not. You hope you are going to be able to raise some money out of the dividends. Nobody knows if you are or not. We know there has been a disastrous first nine months for Suncor in terms of earnings. The profits are down dramatically, and God knows if they are going to come around again.

From a business point of view I see it contributing nothing. You argue that you bought undervalued assets. Do you know the price of putting in place, for example, an oil sands project? You would argue, I assume, that one is in place at historic cost in Alberta and the cost of putting it in today would be too high to justify doing it again. But one never realizes a paper profit until one sells it. One will never realize the value of undervalued assets—are you guys interested in what I am saying or are you just going to shoot the breeze?

Hon. F. S. Miller: We are just commenting on your eloquence.

Mr. Peterson: If you listen to it, you will be able to comment more intelligently.

Hon. F. S. Miller: I can hear it. I am writing down all that is worth writing.

Mr. Peterson: It may be a case of undervalued assets. I do not know that and I am not sure you know it. But let us say Price Waterhouse and

McLeod Young Weir said: "There are a lot of undervalued assets there. It is a good buy." If that is the case, you will never realize that until there is a disposition of those shares. Therefore, you are going to have to sell those shares to make that money.

You have said you are not interested in speculating in shares; you are not in there for those purposes and you intend to hold on to that in the long term. Therefore to justify that investment to the immediate taxpayer you are going to have to have some sort of dividend policy which, for reasons I pointed out earlier, will further compound some of our problems in Ontario.

I do not believe you will ever get enough money out of that company by way of dividends, even if you put everything out in dividends. You are not going to be able to do that because you are into some major capital expansion programs with the Sarnia refinery. The taxpayers of Ontario are always going to lose. If what you have said about it is true, there is no way they will ever make money.

Let us say it is wonderful that, because of your purchase there will be a major upgrading of the Sarnia refinery, although it is not true because they were going to do it before you bought it out. We already have two or three idle refineries—or is it four or five—in eastern Ontario. We know refinery utilization is about 75 per cent.

We also know that under the national energy program we are moving into major off-oil programs. We want to get off oil and that is the federal government's intention. In a sense you are almost buying into an obsolete technology. If you had bought natural gas, if you had been in the hydrogen business or in the business of peat, which we have here in abundance, it would perhaps have been a different matter. You have not offered one cent for that renewable resource. Peat is not a renewable resource, but it is renewable in terms of centuries and centuries. We have an abundance of it and it would create jobs in indigenous industry sources here.

Then you would have something. But you have used these precious financial resources to buy something that does nothing here. There is not one job and not one drop of oil. It does nothing for security of supply. If Premier Lougheed ever puts on another cutback or a Lougheed levy we will have to pay for it. He controls our supply and there is nothing you can do about it. You cannot ship oil out through

Suncor with your 25 per cent interest and get around Lougheed if he decides to put up a barrier.

I have yet to understand what that purchase does for Ontario when I think of so many other ways it could have been spent and when it is about the full extent of your contribution to industrial restructuring over the next five years in this province. In one shot you have wasted more money than that for no net gain to Ontario.

I have a feeling you said in cabinet probably everything I have just said, when you finally found out about it the day before it went through. I regret you did not carry the day. I have no idea who made that decision, whether it was Malcolm Rowan, the Minister of Industry and Tourism, the Premier or whoever. Obviously, and we have all read about it, you did not share it with your own colleagues. You did not share it with your own caucus.

There are incensed Tories all over this country wondering at it. It is not even a philosophical problem because I do not have a lot of philosophical hangups about these things. What I have hangups about, in practical and real terms, is the total misallocation of resources at this time.

I guess maybe that is why your old deputy is involved in this. Maybe that is why you got rid of him. I do not know. Only you know what went on in the corridors of power. But it was the dumbest thing you have ever done as a government. We are going to pay for it dramatically as taxpayers and you are going to pay for it politically.

11:30 a.m.

Mr. Chairman, if you ever allow me to ask a question and have discussion on the subject, I would be grateful if the Treasurer would respond to some of these concerns. I have yet to see them refuted with any degree of credibility whatsoever.

I could go through a lot of unemployment figures and layoff figures now. You know better than I do the problems we are facing. I will not bore you with the details but you know how terribly critical it is.

I want to make one other point I think is critical to our future. It is the plight of the agricultural sector. I have had the pleasure of travelling around this province a great deal lately and I have found the plight of the farmer is absolutely staggering. You have no idea. Not only in financial terms but in human terms and real terms, it is probably far bigger than you

know. One of the problems with your caucus is you do not have enough input in this area. You may get it through the bureaucracy, but you are not getting enough feeling for the major plight of the farm community today and its long-term prospects.

You have read the last two reports about the threats to that area. When you cut all our problems down that is still the core, the base. We cannot let the agricultural sectors go and see more people thrown off their farms. I urge you to use your influence as the Treasurer to do a couple of things.

First, if you have \$100 million lying around, you should honour the promise you made some time ago to the farmers that you are going to provide help. I would like to hear some responses on that question today. It is obvious the Minister of Agriculture and Food (Mr. Henderson) is in your hands on this subject.

I hope you can find the resources to bring in an immediate short-term program of aid. It is dramatic. In my judgement you must bring in that moratorium on foreclosures, at least in the short-term. It is an emergency situation and I am one of those who believes strongly that ultimately in society we all pay the real cost of whatever.

One can hide them, submerge them and divert them for a while. Ultimately there is no way any of us can escape from those realities. In the short term we have a major problem in this province and the social and economic consequences of seeing people thrown off their farms and eating into our capacity to produce food, which is ultimately the basis of self-sufficiency in any society, is increasingly a major problem for all of us. I will be very interested in your responses dealing with that area.

When we get back to the Board of Industrial Leadership and Development program, I will discuss that in far more detail. There is something that bothers me in your BILD program, your auto parts technology and microelectronic centres—it goes on and on. I have no problem with those things. I think they are constructive in the long term and I hope we will proceed with them. I guess some of them are question marks. You still have not decided where you are going to put them or if you are going to put them on wheels and run them around the country so you can have a little for everybody.

I think you are making a major mistake in not building that in conjunction with your university sector. The university sector is beleaguered and is suffering a slow strangulation today. There

are serious concerns by all people involved in that sector. I think you are in a position to force feed some of those universities. I think it would breathe new life into some of them. I think it would help them, help industry and help you if we built on those strengths.

If I were the Treasurer, they would be the basis for my building program, not only for research and technology but also for job training, training engineers in conjunction with the community colleges, almost like a General Motors Institute in the United States, for example. It dovetails beautifully into the industry and is training people for real jobs that are going to be there in the future.

Generally, I do not like the lack of co-ordination on this. It seems there is too much of a political component and not a real planning component in the creation of those centres. I give you that suggestion because I think it would solve a number of problems with one fell swoop if you were prepared to build on some of the potential that we have.

I think of Carleton University, of the University of Windsor and of a variety of other areas that could handle some of the things we are talking about. We would be better served by a good mix of government at the university sector and private enterprise at the same time.

I would rather ask you questions than discuss some of these matters, so I will stop at the present time. I would just point out in closing that there is a tremendous feeling we have lost our potential, that the fact we are a have-not province has impressed itself on people and not just in academic terms. A lot of people now know we are entitled to \$1.5 billion in equalization payments. You blame the federal government for cutting you off, but you never fought for that and never asked for that. We pressed in the House on that matter and you and the Premier were too embarrassed to go to Ottawa and collect the cheque.

That reality has impressed itself on a number of people. I can tell you an example. We have just had a baby. I was talking to a doctor in the hospital and this chap is not exactly poor. I am not sure but I suspect he is not. He was talking as if he is going to have to divide up his home in Forest Hill—I assume it is a reasonably good home, although I have no idea—to make apartments for his three kids so they will have some place to live 10 or 20 years from now.

This sense of depression has invaded everywhere, as much as you try to gloss it over. I want to compliment you for that sort of upbeat

speech you gave today. However, you are losing credibility because you go around saying everything is fine and nice and rosy but that does not conform to most people's basic understanding of the problems.

Economic problems are academic and economic speeches are dry and dull, but when it starts to touch one personally or friends one knows or kids one has, it becomes a different matter and becomes the basis for political change and unrest. There are few people in this province today who are not touched in personal and real ways by these problems and who do not know somebody who is losing his home, his business or his farm or has a kid who is well-trained who cannot find a job even though there are a lot of skilled jobs going around unfilled today because of the failures of our educational system.

I look around and see that Caterpillar in the Premier's riding is importing 15 people from Scotland to work in its new factory in Brampton. It is a bloody disgrace we do not have those people today. The list goes on and on. We are having to import our skilled people from all over. As I understand it, something like 72 per cent of our skilled people have been trained outside our jurisdiction.

That is one that you cannot force on to the feds. That is one you cannot say is their fault. You cannot write a fed-bashing speech on that one. That is one where you have failed miserably. I will not go into the details of our exchange in the House and my questions for you and the Minister of Education (Miss Stephenson).

I see no response to that in co-ordination with apprenticeship systems, community colleges, universities and a variety of other programs to deal with that significant and real problem. I would like to see some realistic discussion of some of these problems and some action, not just in the short term but in the long term.

By and large, in the short term I do not see any response to these problems unless we are going to pay a price for a long time in the future. In the long term, your programs are meagre and paltry and will not do much to solve the fundamental problems of the Ontario economy.

11:40 a.m.

Mr. Wildman: In regard to the Treasurer's leadoff speech I would comment that if one were simply visiting the province or visiting this country and it was the first speech the person had heard about the economic situation in this particular province, one would feel there was tremendous reason for optimism about the

future of this country and this province. I suppose this is the kind of approach the Treasurer uses in talking to the foreign investors he wants, and continues to want, to invest in this province.

Unfortunately, even from that point of view, I am sure those investors have independent analyses done of the economic performance of this province and this country. I hoped that in his speech the Treasurer would deal in direct terms with the very serious crisis we face today in our economy. While, as he indicates, we are blessed with natural resource wealth, an educated work force and very great potential, we are facing the most serious economic situation we have faced in many years.

As we all know, we have record high interest rates, even though they have dropped somewhat in recent times, and predictions are they are going to rise again next year. We are also facing continuing record high inflation despite the tight money policy of the federal government. I know in his leadoff the Treasurer did talk about tight money and his view that monetary policy alone cannot resolve the difficulties we face. He talked about cutting deficits and so on. He dealt very little with the serious decline we have in the economic growth rate and the chronically high unemployment we are facing.

While the statistics published yesterday by StatsCan are Canada-wide statistics, the picture they paint contains very serious predictions for the future of this particular province's economy. As we head into the winter we are facing a continuing economic slump in this country and it is going to worsen. We have, in the third-quarter figures for the whole country, the gross national product declining at a rate greater than it has done in the last 30 years. That is serious in itself, but when it is considered that is averaged after a growth rate of about 5.6 per cent last spring in the second quarter, one can see the seriousness of the turnaround we face.

In his comments the Treasurer talks about investment intentions. Yet the figures produced yesterday predict we are going to face even more serious figures when the fourth-quarter figures are published, something in the range of a six to seven per cent decline perhaps over the country in gross national product, and things are going to get worse in 1982, not better.

We have in this province a decline in the demand for automobiles. Across the country the decline was shown to be 6.3 per cent in volume, which means a terrible situation for the

auto industry in Ontario. We have a decline across the country in demand for durable goods, such as appliances and so on, of 5.7 per cent, which is the largest decline since 1976, and which points to more and more Admirals for this province. There has been an overall decline of almost one per cent in personal expenditures for goods and services.

Interestingly enough, when StatsCan did its analysis, it pointed out that the decline in demand for autos and the decline overall take into account whatever changes have taken place in the most recent past as a result of the Treasurer's rebate on sales taxes, which apparently is the only real answer in the short term this government has for trying to stimulate demand and produce more employment in the auto and manufacturing sectors in Ontario. If we have this kind of demand even with the rebate on sales taxes, what are we going to face when that short-term measure ends and we have continuing decline in the auto industry?

It is interesting that in the Treasurer's opening remarks he said on page seven, in terms of economic policy, the government was pursuing industrial development objectives in two areas in two ways, first, "by creating an environment that is conducive to investment and enterprise," which I will be dealing with in a few moments.

That is again a reiteration of the philosophy this Treasurer has followed all along and was stated in his budget as the reason for not increasing corporate taxes and so on, but I will deal with that in a moment. The second way, he says, is, "by developing targeted, selective policies and programs aimed at fostering industrial development."

I think that is very interesting because number of times, including in last year's estimates and just this morning, the Treasurer has indicated he does not have any real belief or desire to follow a strategy for industrial development in the province. I think last year in the estimates he made the comment that strategies cost the taxpayers money and, therefore, it was much better to look at specific job creation programs, such as the employment development fund program before, and now the BILD program, as the way of dealing with specific problems rather than looking at overall strategies.

That ignores the fact that a well-developed industrial strategy would help in the long term to create the wealth we need in this province to enable us to continue to make further investments and to provide the kinds of services we need.

I would like to deal specifically with BILD. It is interesting that in early November I tabled a question regarding BILD, because we had not heard a great deal about it and it was hard to find out what exactly was happening. I asked specifically for the total number of projects approved and funded, the total amount of provincial funds invested, the total amount of private capital invested in BILD projects, the number of private firms participating, the amount the federal government has provided for BILD projects, the number of jobs developed already and projected as a result of BILD projects that are now on stream, and the number of projects that are under consideration for BILD in future.

The response I got after the two weeks required for response was an interim answer saying the information would be available on December 18. Subsequent to that we heard a statement in the House from the Treasurer in which he answered, at least partially, some of those questions. I find it rather interesting as to why he was unable to provide the information and said it would not be available until December 18 and then provided a statement in the House. Now today he goes on at great length about BILD and the total amount of provincial expenditure and so on. I would like that clarified.

11:50 a.m.

Specifically, what really bothers me about BILD and what the minister has said about BILD emerges when we go through the 45 projects listed in his report to the House. We wanted to find out the answer to the question I asked about the number of jobs involved. We contacted a number of ministries that are involved on 26 of the projects and these are the kinds of reactions we got: Upgrading transmission facilities where \$500,000 has been invested, jobs to date, not available, total jobs projected, 10; Bruce energy centre \$10 million invested, new jobs to date, don't know, total jobs projected, don't know; subsidization of level of rural electrical rates—and it is questionable whether that should be included in BILD—\$20 million and no jobs either to date or projected. I wonder why that was included at all, but at any rate it may help to make the overall figures look higher.

We can go on all the way down the line: Oil and gas exploration jobs, don't know, don't know; food processing jobs, don't know, maybe in the future 20, maybe 50 jobs; fruit and vegetable storage, present jobs, don't know, some construction jobs but no estimate. That is

true for asparagus production, tender fruit incentives, cream assistance, and the Ontario Food Terminal.

We go on to other areas, such as the biotechnology company, \$30 million invested, don't know how many jobs, maybe about 100 by 1990. You can go all the way through, one list after another: Procurement office initiative, export support financing, Ontario Research Foundation expansion, Telidon for tourists, IDEA Corporation.

Not only do we not know how many jobs might be available now or how many may be available in the future for the last one, we still do not know how much money is going to be provided by the government and the Treasurer has not provided any indication in his statement today what moneys will be available for the IDEA Corporation. You can continue all the way down the line: Equipment fund for agricultural colleges, don't know how many jobs, maybe some spinoff, no estimates; rural servicing, \$15 million to be invested, don't know how any jobs.

The King Mountain resort project which was announced during the election campaign—it is in my riding—for the initial \$9.2 million investment, jobs to date nil, projected jobs, 400 construction, 300 permanent. As has been indicated by officials in the Ministry of Industry and Tourism, that, of course, is dependent upon private financing being arranged, and there is some serious difficulty as a result of high interest rates and the ending of multiple-unit residential buildings in obtaining that private financing. So that may not even go ahead. Those 700 jobs may not exist either.

Then there is community development corporations, \$600,000, don't know; Toronto convention centre—here is the one where you can provide some projection for jobs—\$27 million invested, and you don't know how many jobs there are to date, projected 1,000 construction jobs, 600 permanent, 1,200 indirect jobs; Ottawa convention centre, \$10.8 million to be invested, don't know the answer in terms of jobs to date or jobs to be provided. The same goes for the \$5 million for municipal marinas.

When you go through this list of 26, where we have talked to people in the ministries who are responsible for these projects, you get a total number of direct jobs projected of about 14,500 and nearly all those are related to the Toronto convention centre. Less than 1,000 are outside of the convention centre and 700 of those are related to the King Mountain project, which

seems to be in doubt. So if that is the kind of response we have to providing economic stimulus, economic development and jobs in this province, it is pretty bleak. To have the Treasurer pointing to the Board of Industrial Leadership and Development as a great hope for the future of Ontario is a little hard to take.

It is true we have not been able to go through all the other 45 projects. We have gone through only 26. Maybe today the Treasurer can tell me how many jobs are projected for those other approximately 20 projects. Maybe he has more job projections for those. I am quite serious about this. We approached the people involved in the ministry to find out how many jobs they are actually talking about and they could not tell us.

I hope the Treasurer can tell us something today, because when one looks at the economic situation and the employment situation in Ontario, something must be done by the government. The government has to become directly involved. The Treasurer says he does not like the strategy for long-term development. He points to BILD as something that is supposed to do something about employment and investment in the province and he does not have any other answers for the short term.

We have had a continuing saga of layoffs in the province. We have had massive layoffs in the manufacturing sector, which continue. We have seen in the recent past 1,750 workers laid off at Massey Ferguson, despite the provision of assistance in the guarantees from the provincial government. We have had 2,400 workers laid off at Canadian Admiral, which I mentioned; 2,500 workers at McDonnell Douglas; and these are in addition to the thousands of workers laid off before in the auto industry and the agriculture implement industry.

Yet there is no short-term response from this government, nothing to deal with the immediate problems we face this winter, except an almost Pollyanna approach of saying, "Things aren't as bad as you say and they could have been worse if we hadn't done things like we have done in BILD."

For our part, that kind of reaction is completely inadequate, especially when we have the kinds of predictions we have seen from the experts, which have been shown to be not even as bad as the statistics appear to indicate. I mentioned in the House yesterday the comments made by Mr. Keane of Midland-Doherty, who predicted that the fourth-quarter figures for the Canadian gross national product would

be even worse. He predicted that interest rates would continue to hurt consumer demand and businesses would have to maintain higher inventories, and we know what that means in terms of employment.

We are in a recession and to call it anything else is to ignore the facts. It appears we have little hope of improvement. Look at some of the unemployment figures we have for October: Ottawa-Hull, unemployment rate 6.5 per cent; Sudbury, 7.8 per cent; Oshawa, 11.6 per cent; Toronto, five per cent; Hamilton, 4.8 per cent, but we are going to see further layoffs there apparently after the Stelco settlement; St. Catharines-Niagara, 8.9 per cent; London, 7.8 per cent; Windsor, 10.7 per cent; Kitchener-Waterloo, 8.7 per cent; Thunder Bay, 5.3 per cent.

Mr. McGuigan: Did you give Chatham?

Mr. Wildman: No, I'm sorry. I don't have the Chatham figures.

12 noon

Mr. Brandt: Pick Sarnia. It's a little bit better, it's over 20 per cent.

Mr. Wildman: Mr. Chairman, quite honestly, I did not intentionally pick out—as I think you can see from the range I read—areas I thought would look bad. These are the figures available from StatsCan. These are the ones they provided, and one can see that in specific areas, especially in areas related to auto production, we are in major trouble. There are large numbers of people out of work and we do not see any response from the government.

My leader has raised in the House a number of areas in relation to this problem. He has talked about St. Thomas and about Kitchener-Waterloo and tried to find out what kind of assistance, what kind of investment policies this government is following. Apparently BILD is not doing anything. The Treasurer says that is unfair, BILD is long term, not short term, so we should not look at it in those terms. All right, let's look at Ontario Development Corporation loans. Even in the five-year projection, we see first, a low projection rate and second, a terrible performance in terms of even meeting those projections.

To use the example of Kitchener-Waterloo, there were ODC loans totalling \$1,121,500, supposedly to create 51 jobs by the end of the first year and 137 jobs by the end of the second year. When we go through the companies that received part of that assistance we find either the employment has remained constant com-

pared with what it was when the company received the assistance, or the company has folded and disappeared and there are no jobs.

Now the Treasurer's response to that is, "You have to realize these are high-risk investments; the ODC is getting involved in risk-taking, and in risk-taking you tend to lose on occasion." Well, there is no question of that. I do not debate that. I have been told by ODC officials that they have a success rate of 90 to 95 per cent, which they consider to be very good. If that is correct, it is very good.

But I wonder if St. Thomas and Kitchener-Waterloo are somehow exceptions to the rule, or are we seeing a downturn in the success rate by ODC? Even if we are not, in our view ODC is not an adequate approach to dealing with our serious unemployment problems and the need for investment and diversification of our economy.

I will not go through again the figures that were provided in the House by my leader with regard to the problems in St. Thomas, but we can see that unemployment has increased substantially. The unemployment insurance commission case load has increased by 31 per cent from October to October. The welfare case load has increased by 38 per cent from October to October in St. Thomas. Repossessions by the Canada Mortgage and Housing Corporation have increased 67 per cent in a year. There is a long list of business closures, and building permits are down. We do not see any response from this government.

The interest rate problem has produced a serious problem in my part of the province in that, with the numbers of housing starts down as I just mentioned, in St. Thomas, for instance, the market for lumber is down substantially, I admit not only here but in the US as well. We have a serious problem in employment in the lumber communities in northern Ontario. I know the deputy minister would be interested in what is happening in Chapleau. The Chapleau Lumber Company laid off about 45 per cent of its work force indefinitely at the end of the summer.

In my own riding, Dubreuil Brothers in Dubreuilville has had short-term layoffs and is looking at a long-term layoff after Christmas apparently. The same is true in Hearst with a number of companies there. I understand that Abitibi in White River is perhaps looking at a long-term layoff after Christmas. There are layoffs in Longlac, indefinite layoffs in Wildwood and, of course, there is the Kimberly-

Clark situation, which is a special problem in terms of the large number of people who are unemployed.

If you just look at those particular communities, you can see we face a serious problem. It is not enough to just look at statistics and say "Well, we are in trouble." We have to look at what effect the statistics are having in real terms on local communities in regard to employment and business investment, and we are in trouble. As I said, we are in the midst of a recession and it appears we have little hope for improvement.

We are going into another year, and 1982 is going to be a year of double-digit inflation, double-digit interest rates, higher unemployment, continued sluggish auto sales, a continuing sluggish housing market and sagging exports. The current account deficit will continue to grow. To have the Treasurer not responding to that in his statement is an inadequate reaction, to say the least.

Looking at some of the things he said specifically in regard to BILD, I would like a little explanation when the Treasurer has the opportunity to respond. I would like to know exactly what he means by bridging equity positions. It seems to give the impression that whatever intentions the government has in terms of taking equity in BILD projects, they are going to be transient, just for startup or that kind of thing, rather than actually attempting to get a share and a return on whatever projects might be of some success and some importance in terms of local communities.

Mr. Laughren: It's easier to blame the feds.

Mr. Wildman: Yes, I suppose it is easy to say that. I do not necessarily debate some of the comments made by the Treasurer about the federal budget not responding to such a question as interest rates, which I will be dealing with in a moment, but to say it is a federal problem and not to respond in terms of protecting residents of Ontario is an inadequate response.

All the Treasurer can point to is his retail sales tax rebates. He says they are significant to individuals and small businesses and concerns. I suppose they are significant to the auto retailers, to the people who are selling automobiles. But are they really significant in terms of turning around our high unemployment rate in the auto industry? That remains to be seen, especially when one looks at the figures that came out yesterday and the predictions that have been made about 1982 sales.

The Treasurer goes on at length in his statement talking about foreign investment, and

he talks about the Foreign Investment Review Agency. While he wants to have controlled development through foreign investment, he still says he feels that attracting foreign capital is a very important way to attract economic development in this province.

I read with interest a speech he made recently to German-Canadian Business and Professional Associates Incorporated, I think it was, in which he talked about the problems he saw with FIRA and the federal government's approach in that area.

12:10 p.m.

Frankly, it is surprising to me that the Treasurer would say in his statement today that one of the positive aspects of the federal budget was the suggestion that there should be further changes with regard to foreign investment and that it should be eased up.

One of the major problems we face, if the government were willing to face it, and it isn't, is the fact that we are so much controlled by foreign investment. Our unemployment problems are largely the result of multinationals cutting back on their operations in this province and rationalizing by maintaining the employment in the parent firms and shutting down because of low markets or changes in market structure in Ontario.

To say we should be further easing up on any controls that we now have on foreign investment is to ignore the basic contradiction in foreign investment as a vehicle for development and production of employment.

It is obvious to us that we must have an independent economic development in this country and in this province and that we should not continually depend on the Americans or other foreign investors to provide the development that we need. We should not be slavishly following them, especially the Americans, in their fiscal policy. We did not have any statement of that nature by the Treasurer this morning.

In our view, branch plants are unsuited to changing the conditions that we face today. Because of the changes in international trade, the rationalization, especially by US firms, continues apace. I suppose the Treasurer's comments about a better investment climate are the only response he has and he is suggesting that we should be giving further tax concessions to private enterprise to provide development in this country.

That was the reason he used last spring when he said there would be no increases in corporate

taxation. He made up for his fiscal problems by increasing personal income taxes and Ontario health insurance plan premiums substantially, with the result that Ontario residents are the highest taxed in the country. We see a continued drop in employment in the province. The tax concessions he is maintaining don't seem to be having the kind of results that he feels they should have, and to point to investment intentions as the hope for the future of this province is a rather hollow approach.

I wonder if the comments the Treasurer read this morning regarding investment intentions were made prior to or with the knowledge of the figures that the Conference Board of Canada has come out with in recent days, or for that matter, the Statistics Canada figures and how they apply to Ontario.

I put a list of questions on the Order Paper which I would like to get information on, and I am hoping we will receive it soon. I have been told that we won't be able to get that information on tax expenditures until the end of the session.

Since this appears to be the main method used to improve investment climate in the province, I would like to know exactly how much it is costing us to go without succession duties; to continue to allow the depletion allowances in mining operations; to allow for a 100 per cent write-off on certain qualifying assets for new mining expansion; to reduce the top marginal mining tax from 40 per cent to 30 per cent; to increase the basic exemption on the mining tax from \$100,000 to \$250,000 on mining profits; to increase the small business development corporations which has just recently been done; to not get into the nontaxable area of the capital gains; to have the registered retirement savings plans as well as the registered home ownership savings plans; to have the fast write-off for new mining expansion; and to have the unlimited deduction for scientific research expenditures, essentially in relation to the comments made during the budget speech last spring, where the Treasurer said the incentive for research and development just has not been successful.

I would also like information on the accelerated capital cost allowance for machinery and equipment in manufacturing processing, and for water and air pollution control equipment, and the carrying forward of processing allowances under the Mining Act, among others.

I realize that may take some work and that the information has not been immediately avail-

able. I am not saying all of those things should be done away with or that all of those tax expenditures should be ended. But it is important for us to know exactly what it is costing the province; what revenue we are forgoing. I have never seen that published, and I hope that will be forthcoming because in competing with other jurisdictions, in terms of tax assistance and incentives, we open ourselves up to further pressure for further incentives—depletion allowances or whatever—that may or may not lead to further investment.

It appears to us that in many cases it does not lead to more investment or economic growth and employment but rather to increased profits and profitability, without the reinvestment that it is hoped and is intended to provide.

In the past, and not only in regard to those tax expenditures, we have succumbed to corporate blackmail by providing direct public grants to the private sector. We have talked in the past about the pulp and paper industry and the fact that they argued they did not need it, or did not particularly need it. We have had studies that have indicated that as well.

We have had the Ford grant and the loan guarantees to Chrysler, but on top of that we have had the situation with Volkswagen where we have promised them \$9.2 million when it appears that the company was simply looking for a duty remission to locate in this area. I wonder what kind of justification there is for handing out that kind of money to a private company if they are intending to locate here already, as long as they get other agreements from the federal sector.

The irony of this is that we may be simply assisting those companies to continue their expansion in the province or to maintain operations they already have in the province with moneys they did not necessarily need and which could have been used for other important functions of government.

My colleague discussed at length the Suncor purchase from his point of view; and Suncor raises a number of questions in my mind. We are having some of the people come in to our caucus tomorrow, as are the Liberals, and we hope we will get some answers at that time.

12:20 p.m.

The thing that bothers me overall about the Suncor purchase, besides the lack of information, is that it raises serious questions for me about the Treasurer's role in determining the economic policy of the province. I looked at the budget statement of last spring and the state-

ments made by the Treasurer subsequent to the oil pricing agreement. I specifically recall a statement made to the press in Sault Ste. Marie by the Treasurer where he was asked to comment on the suggestion that Ontario should buy into the oil industry to gain some share of the transfer of wealth that is taking place because of the oil pricing agreement. The statement was made in the summer, and the Treasurer gave the distinct impression that he was opposed to any suggestion that the provincial government should buy into the oil industry.

If that is a correct understanding of the comments and philosophy as espoused by the Treasurer in the past, and then we have an announcement in early October that the provincial government is going to buy 25 per cent of Suncor for \$650 million, one really wonders what the role of the Treasurer is in determining economic policy and major economic moves by the provincial government.

Certainly the statements made in the budget last spring about the net cash requirements and the curtailing of the growth of the deficit, with which I may have some arguments but which I understood were the Treasurer's *raison d'être* for the measures he was taking in the budget, do not fall in line at all with the financing requirements of the purchase of 25 per cent of Suncor.

While we, as a party, are obviously not opposed to the purchase by the government of a portion of companies operating in resource industries, we are most disturbed by the lack of information that has surrounded this whole process. It appears the decisions were made by the Premier in his office without very much input from the Ministry of Treasury and Economics. I am surprised at that.

We will be asking a number of questions tomorrow. Among them will be: What were the decisions that led to buying into this particular company as opposed to some other company and to purchasing this percentage as opposed to another percentage? Why is it considered good economic policy and financing to purchase 25 per cent and leave control with the Sun Oil Company in the United States?

I know the government says it is not nationalizing, it is only getting involved in the Canadianization. But if 51 per cent is required for Canadianization and if this government is to get involved in that, why was the decision made to buy a quarter? Did it have to do with price alone? Did the government decide there was going to be a big enough burden on the

provincial Treasury to make a purchase costing \$650 million, or was it for some other reason? Was it an ideological reason? I fail to see how it could be an ideological reason when we are getting involved in the purchase of 25 per cent. Obviously you have established what you are and you are just haggling over the price.

Why was the decision for 25 per cent? Why have we not been given that information? What benefits are there, besides getting some return on the transfer of wealth which will probably be eaten up by the interest costs, in purchasing 25 per cent and leaving control with the Sun Oil Company in the United States? How much will it cost, if you use the argument of the Premier about exploration as a reason, to establish the sidcar firm? What is that going to cost, and what benefits will accrue from it? Would that have been necessary if you had bought a controlling interest? I hope we can get some responses to that.

I won't go on any further on Suncor; I'm sure we will have further discussion on that.

I would like to deal specifically with the question of interest rates and the rather equivocal position that the Treasurer took on the whole interest rate question in his statement this morning. On the one hand he seems to be saying he wants lower interest rates and that monetary policy in itself isn't enough to fight inflation, but on the other hand he seems to be indicating, as he has indicated in the past, some sort of affinity for Reaganomics.

I would like a straight statement in which we have some indication of what this government's position is, what the Treasurer's position is, on the monetarist approach. Or is it some sort of halfway house somewhere between monetarism and the old Keynesian economics when you talk about the need for further development?

I think it is a bit much for this government to continue to take the position that it is up to the federal government alone to deal with the problems that Ontario residents face as a result of interest rates. I realize there was a proposal, the \$24 million for rebates of sales tax, to help with the auto industry; there was the announcement yesterday for the cow-calf producers, the beef producers. But in solving the overall problems faced by farmers and small businessmen as well as by home mortgage holders, this government has some things it could do if it wished to, at least in the interim until we get a lower interest rate policy by the federal government.

Why is it that this government isn't ready to

propose and do what it did in the 1930s and have a moratorium on foreclosures for mortgages and farm loans? It has been done before. It is not as if this government doesn't have the jurisdiction to do it. It has been done.

The government should move as quickly as it can to provide low-interest money; and that can be done, as we have suggested, through an expansion of the operations of the Province of Ontario Savings Office in conjunction with the credit unions to provide low-interest mortgages to home owners and farmers. We are even prepared to accept a maximum rate of 12 per cent; we are not talking, as are some of the people who have argued for lower interest rates, of six per cent in those areas. We are asking why this government isn't prepared to take the same approach its sister government, the Tory government in Alberta, has taken towards the savings bank.

I suppose the Treasurer's answer might be that Alberta has more cash on hand: the heritage fund and so on, but that savings bank was in operation before the heritage fund. Even if you argue that way, we believe there are avenues for obtaining revenue in this province, whether it be the closure of tax expenditures or moving to an excess profit tax on some of the lending institutions, which is within provincial jurisdiction. Imposing that kind of tax could finance that kind of policy.

I have gone through all this on the basis that we are in a serious situation, a major crisis. It is not enough for the government to blame the feds or to sit back and say, "Things are going to be better" or to point to the so-called Board of Industrial Leadership and Development program, which does not respond to the real needs of people in the province.

We believe there is a need for supplementary actions now. The Treasurer gave the reason that he was waiting for the federal budget. He has seen the federal budget; the federal budget is inadequate. We must have actions now. Obviously, if we needed a mini-budget and supplementary actions last fall and this government brought one in at that time, we need it even more now. We are in a more serious situation. The two measures I have referred to, the \$21-million sales tax rebate and the assistance to the beef industry, are not in any way adequate to respond to the major needs of the economy of this province. If the situation was serious last fall, it is even more difficult now. We should be acting now.

12:30 p.m.

I will just finish off by referring briefly to the whole question of federal-provincial cost sharing and established program funding. I noted that in his speech in Halifax the Treasurer argued that the ending of the unconditional revenue guarantee was shifting the burden from one order of government—that was the term he used—to another order of government. I have never heard that before. I am used to hearing “level of government,” but it’s an interesting approach.

At any rate, I wonder how the Treasurer would respond to the comment that this isn’t really very much different from what the province has been doing with the municipalities for some time. We have seen the provincial share of education funding, for instance, drop from the traditional level of about 60 per cent to about 50 per cent so that the municipal taxpayers are having to finance a greater share of those services.

We have seen what is happening in health care, welfare payments and social services, especially in terms of social services in the past. Isn’t this province and this provincial government, like the other provinces, now facing the same kind of ill-conceived changes from the federal government that they have imposed on the municipalities in the past? For instance—

Mr. Chairman: Are you still on the same topic? I was going to suggest that, since it is 12:30, Mr. Wildman, perhaps you—

Mr. Wildman: I am almost finished, Mr. Chairman, but I am willing to go on at two o’clock if you prefer.

Mr. Chairman: Resume at two o’clock.

Mr. Wildman: All right. Fine. I’m almost finished.

Mr. Chairman: Before we recess, since some of the members were not here a little earlier, I want to point out that the Treasurer may have a problem three weeks from today, on December 16; he may be still tied up at the federal-provincial finance ministers’ conference. We are going to have to wrap up 13 hours sitting this Wednesday and next Wednesday; so it means we are going to be meeting from about two o’clock this afternoon until six, and we are going to get another 6.5 hours in next Wednesday. So we will have to govern ourselves accordingly.

Clerk of the Committee: Would you prefer to start at 9:30 next Wednesday?

Mr. Chairman: Maybe we could start earlier next Wednesday.

Mr. Wildman: I’m willing to do that.

Mr. Chairman: Nine o’clock or 9:30?

Clerk of the Committee: Is nine o’clock all right?

Mr. Chairman: Nine o’clock?

The committee recessed at 12:32 p.m.

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Ontario

LEGISLATIVE ASSEMBLY

No. G-11

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government
Estimates, Ministry of Treasury and Economics



First Session, Thirty-Second Parliament
Wednesday, December 2, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, December 2, 1981

The committee resumed at 2:05 p.m. in committee room No. 1.

ESTIMATES, MINISTRY OF TREASURY AND ECONOMICS

(continued)

Mr. Wildman: Mr. Chairman, referring to comments made by the Treasurer (Mr. F. S. Miller) in his speech in Halifax and also in his opening remarks this morning regarding established programs financing and the negotiations among the provinces with the federal government, I want to say quite emphatically that we believe threatening user fees or user charges or cutbacks of major proportions in either health care or post-secondary education is not a legitimate way of approaching the difficulties that may result from changes in the transfer payments.

In our view, those kinds of measures cannot be justified when one looks at the record of expenditures by the provincial government in those areas since the agreements were made between the provinces and the federal government.

2:10 p.m.

While we cannot support the position the federal Minister of Finance is apparently taking, which, as the Treasurer mentioned, is in opposition to the parliamentary task force, neither can we accept the position the provincial cabinet seems to be taking, especially the Minister of Education (Miss Stephenson), with regard to the province's obligations to services that require federal as well as provincial financing.

I hope the negotiations, which are to continue in Toronto this month, will be fruitful, and I hope both sides approach the negotiations in a positive manner, but I want to say again that I do not think the sword of Damocles' approach of hanging user fees and increased charges over someone's head as a consequence of any changes is a way of bringing about the kind of results we hope will come from those negotiations.

It seems to us the province should be moving in the opposition direction. Obviously, we are opposed to the continuation of opting out and

the expansion of the number of doctors who are opting out of the Ontario health insurance plan, because in our view that hurts those in our society who are least able to afford it. That is the direction we feel the provincial government should be going and should be advocating in its discussions with other provincial authorities and with the federal government.

I will conclude my remarks by saying again that we believe there is tremendous potential in this province despite the serious problems we face. We have a wealth of resources that would be the envy of most other jurisdictions in the world. We believe what is missing, really, is a government that is prepared to become directly involved in the planning and rebuilding of our manufacturing sector for the benefit of the residents of the province.

I have not talked about it this morning, but import replacement obviously is what we have been advocating for a number of years as the approach the government should take in order to stimulate the economy and provide the jobs we need. We believe the government should be prepared to use every economic tool available to it.

Obviously, the government has demonstrated it is not opposed in an ideological way to becoming directly involved in the oil industry, and we do not see, frankly, why that cannot be expanded into areas that are going to provide direct employment in this province rather than simply restricted to ventures that may or may not provide any direct employment. The arguments that have been put forward for Suncor, for instance, could very well have been used, and were used, at the time of the Hydro contracts with Elliot Lake mining companies, and they made as much sense or more for that transaction than guaranteeing Stephen Roman and people like him the tremendous billions of dollars in profit they are going to get from those contracts.

In our view, Ontario Hydro should have become directly involved in taking over the mining operations so that we would have a share in an energy resource that involves employment in Ontario. I would like to know why it was

acceptable for Suncor but not acceptable for the provincial government, through Hydro, to become involved in that area.

Those are the kinds of tools we would use besides direct ownership: crown corporations, but in joint ventures with the private sector; meaningful ones on a long-term basis, not the kind of ad hocery we have seen with the Board of Industrial Leadership and Development. The underdevelopment we face has social consequences so significant for this province that we must do everything in our power to eliminate them.

I do not suggest, and I do not think the Treasurer believes I would suggest, that we should run off in all directions at once and become involved in every possible venture. Rather, we should select sectors where there is a large domestic market, where we could recapture a significant portion of that market and replace imports so that we will not be left behind. This would deal not only with the problem of unemployment but also with our trade deficit, and it would bode well for the future of the economy.

My predecessor as Treasury critic put forward a number of areas—electronics, electrical products, transportation, food and beverages, textiles, health care products and energy conservation—as sectors we feel are in need of rebuilding and have a tremendous potential to provide employment in this province. The list I read from BILD, however, where we have moved in some of those areas, such as health care products or food and beverages, is not encouraging. It seems to us that the shot-in-the-dark approach, which appears to be the approach of BILD, is not going to provide anything like the kind of employment that is possible and is needed in the province.

Despite the different types of tone we have used we agree substantially on the problems in the economy. We disagree, however, on what measures should be taken. We feel the government is doing very little to redress the fundamental problems in the economy or to try to develop a self-reliant economy. In fact, they are going in the opposite direction by continuing to encourage more and more foreign investment and by providing assistance to foreign investors in order to persuade them to locate here rather than elsewhere, even though they often do not need the extra assistance.

Again, we emphasize the need for an industrial strategy that will build an economy that is vibrant and expanding and that can give people

in this province an opportunity to stay and live here and prosper. In our view, what is really missing is a government with the will to make the available resources, both natural and human resources, work for the people of the province, and I hope we will be able to see the kind of action that is necessary.

Again, I emphasize that in our view, especially since we have seen the federal budget, there is a need for short-term as well as long-term approaches and for a mini-budget as soon as possible in order to deal with the problems in this province. It is not enough just to blame the federal government; we should take action to protect the people of our province.

Hon. F. S. Miller: Mr. Chairman, I would like to go over the comments of my two critics and thank them for their contribution.

The first item that attracted my attention in the remarks of the member for London Centre (Mr. Peterson) was the comment that Ontario's performance in the oil pricing issue was—I think his word was “dishonest.” He tied that to a second comment when he said Ontario was seen in that process to be self-serving.

Because I was for most of that time in Treasury—I became Treasurer in 1978, and I would say that the discussions on oil really came to the forefront following that point in our history—I have been pretty close to that scene. Throughout that whole piece Ontario remained extremely consistent and had three or four objectives in the oil pricing discussions.

2:20 p.m.

First, it was obvious that it was in the interest of the country to get some kind of agreement. If members recall—I think it was in August 1979—the Premier (Mr. Davis) issued on behalf of Ontario, in advance of the Joe Clark summit in Jasper and just a couple of weeks before the Premiers' meeting in Quebec, a fairly thorough document on the oil issue.

That document, contrary to a lot of people's perceptions, remained consistently Ontario's position on energy through the tumultuous time that ended this August.

Mr. Peterson: Is that the one that said the government has the right to take a windfall profit out of it?

Hon. F. S. Miller: What it said basically was this: at that point we did not want any increases in the price of oil. Do not forget this was in mid-August 1979 when there were already some agreed prices in the future. We did not want any

price increases beyond those already negotiated until such time as—and those were the key words, “until such time as”—the federal government and the producing provinces negotiated their revenue sharing agreement. At that time we believed that would be quite quickly done.

We also said the first priority of any energy program in Canada had to be self-sufficiency and, therefore, the whole regime of taxation revenue sharing, to the two levels of government, should provide enough cash to see that that could happen; that there should be some formula worked out to protect consumers against rapid price change during the transitional stages and that there should also be some federal steps taken to recycle the oil revenues falling into the hands of the producing provinces and themselves to the provinces in Canada that did not have oil resources.

I think those were the key elements of that paper. I think it stood the test of time quite well. Were we self-serving? I am sure we were. That is one of our jobs. I have never really apologized for standing up for the people of the province. If, in being self-serving, we have tried to bring forward points of view that protect our taxpayers in terms of job security, closely identified with security of supply; in terms of the ability to swing with the sudden changes in price, closely identified with the average taxpayer's personal interests; I thought we were talking quite clearly. We said, “Look, the federal government has to have a bigger share.”

The members have to understand that we were not even at the table for negotiations. I hope they will accept that. We were simply there able to influence what we hoped would be the outcome on behalf of consuming provinces. Quebec did not agree with that. Quebec openly wanted world price; for good reasons. I think members would accept this. I heard it quite directly; they did not really like the major subsidy they had on imported oil in Quebec because it was an umbilical cord which indicated Quebec needed the central government; therefore, they would rather have seen the rest of Canada at world price than admit there was any need for the price of oil in their province to be sustained at the federal level.

Second, their tremendous development of hydroelectric resources in that province gave them—I admire them for this—a constant-cost energy supply for the future; virtually constant once the capital was in place. That was going to become increasingly competitive as the price of

oil in Canada went up and would obviously give Quebec economic advantages in terms of plant location. Again, I do not argue with that, I am simply saying those were their two basic reasons.

Ontario then had every reason to be protecting its people and working to see a resolution of a problem which so fundamentally affects the revenues of the central government. If we look at this year's budget and look at Mr. MacEachen's improvements in cash requirements, which are quite dramatic over the next short while, it has not been because he has made any significant change in the spending pattern, though he alleges he has.

I recall Quebec saying his own account expenses go up 16.2 per cent and his transfers go up 2.4 per cent. I am not going to vouch for the accuracy of those figures Mr. Parizeau used last week. What he did was bring his average out at an acceptable level by reducing transfers, not by controlling one account. But really, it was the improvement of something like \$4 billion, if I recall the figure, of oil revenues flowing to the federal government.

Good, because the members opposite and I, representing people in Ontario—with slightly different interpretations as to what they wish—surely we should be pleased to see the federal government gaining some of the moneys that are being spent by consumers all over this country and using it for national purposes, therefore keeping down the national debt, therefore keeping down the levy against a province like ours, which in effect has had to pay twice—once to buy the oil and once to pay the tax bill at the federal level.

So I would argue that during those years we had a course of action using the few levers we had; there was public sympathy for reasonable prices for oil, upon which we built a platform saying that there are other objectives and we would reinforce the federal government in going that way.

I do not want to get into whether the national energy program did or did not fulfil my expectations. It obviously did not in all cases. It did not deal with oil self-sufficiency. It, in effect, said: “We have a piece of land here that we want you to drill for oil on. We do not know whether there is oil there or not, but we own it, so you come and drill where we are and where those dirty old provinces cannot get any money. We will give you a lot of tax advantages. If you really want to go where the oil is, you are on your own.” That, in effect, is what the incentives on Canada lands were.

I hope there is oil on Canada land, but really to try to direct all the exploration work to lands where you do not have to compete on the ownership and split the money when it is all through, I did not think was in the national interest. I would hope most of us in trying to think it through would not have thought it was in the national interest to do that.

Surely, like the Americans, we should be encouraging exploration and development of oil as opposed to gas—unfortunately we keep finding gas instead of oil—wherever it can be efficiently explored for and found. Surely that is why, with the oil pricing agreement in place, we should have some reason to say we all participate in the benefits of that. I will get more into the recycling of revenues because that was not addressed in the national energy program nor in the budgets, and it certainly was not addressed in the most recent one.

Mr. Peterson: Mr. Chairman, that was not the point of what I was saying. I do not disagree with anything the Treasurer is saying, and maybe he just wants to respond or we can discuss it later in general, whatever he prefers to do; I know the chairman is going to get mad at me anyway.

What I said is that we did not realistically prepare for the inevitable in Ontario, and we have had sufficient warning to so do. I said there was a political component, and I can haul out the quotations of the Treasurer and the Premier saying that no government has the right to participate in windfall profits from externally imposed increases in oil prices or whatever, which is pretty tough stuff, in response to the Joe Clark budget or the John Crosbie budget, and Ontario turned around to do exactly that with the ad valorem tax in our last budget.

But they lulled people into a false sense of security that there were going to be no energy price increases as long as Bill Davis, Frank Miller and company had their way. And of course there was complicity with the federal government, but I have problems with them too. I think that agreement was years too late and did not accept the reality.

As I said then, if Ontario had used its efficacy as the major consumer, and the federal government for that matter too had used the power of its persuasion on the distribution question as opposed to the pricing question—do not forget the major emphasis in this whole debate three years ago was pricing; it only latterly became distribution, when it was inevitable and the world price started to run a lot higher and got a little bit out of control, and then everybody realized it had to go up.

But when the world price was sitting around at \$20 a barrel, it was not nearly so pressing a problem. That is all I am saying. The government saw the inevitable—as compared to our consumers, our industries or the populace of this province.

2:30 p.m.

Hon. F. S. Miller: Perhaps we did better than the member thought. He and I both practice the art of politics. As elected people, we have the responsibility not only to give people that which they wish, but that which in the long term will be in their best interest. Yet what they wish and what in the long term is in their best interest, at least according to the member's point of view or mine, may differ quite a bit at times.

He and I may be aware, because we are spending our whole life in the political process, of trends and directions that economies can take. We have talked about some of them today. One of those things the average voter did not accept, at least in the mid to late 1970s for a while, was that there was a problem with the supply of energy.

How often were we told it was all a figment of the major oil companies that that problem was out there, that there was all kinds of oil they were just hiding away, and the shortages in the United States were created artificially? I am not trying to support that. I am saying that is what people thought.

Mr. Peterson: I understand what the Treasurer is saying, and he is right. I could haul out speeches I made when I was energy critic in 1976, or my colleague Julian Reed. Nobody listens to opposition critics anyway. I understand that. Maybe they are not worth listening to. But a lot of the things we said were prophetic and absolutely right, when we started talking about supply.

Hon. F. S. Miller: I am not even arguing that. In many cases, if we went back—it happens I have a little more interest in energy than some other people because by training I am a chemical engineer, and that is a field where the petroleum industry—

Mr. Peterson: That was before the used-car dealers co-opted you.

Hon. F. S. Miller: That is right. I went to my highest and best use. Isn't that what they say in land-use planning?

Mr. Brandt: Is that Parkinson's law?

Hon. F. S. Miller: It is the Peter principle.

Mr. McKessock: He made so much money he went into farming.

Mr. Sheppard: He did not last long, though.

Hon. F. S. Miller: Oh, I am still there. We have a little deal in our family: I get out of politics when the farm breaks even; or before that, if the voters elect to honourably retire me.

I do not want to get too philosophical about what a politician sees and the ability to fit the actions of the government in with the mood of the people—

Mr. Peterson: It just may be we are at the most important discussion possible about the Treasurer's view of his respective role and my view of my respective role, and then our collective role as politicians about facing the future. Maybe he and I take a different view of that situation.

Hon. F. S. Miller: No, funnily enough, we share many views. Although publicly we may never agree with that, we very often do. I wish the member would admit it publicly.

Mr. Peterson: No, I know what the Treasurer says to people in private, when there is no press around, and he praises himself as a great free enterpriser and no business on his back. I have heard all his speeches come back to me because I know all those same people. The things he says to them in private are so different from the things he does in public, I say respectfully, that leads to a very different view of the world. The classic evidence is this Suncor problem. I am sure he was in a moral dilemma personally, probably the biggest crisis in his own life.

Hon. F. S. Miller: Whether I was or not is never going to be revealed anyway, and the member knows that.

Mr. Wildman: But surely the Treasurer did say on behalf of Ontario, at the time of the Joe Clark proposal, that this province was opposed to what was being proposed. Then he has in this last budget, as my colleague indicated, gone to an ad valorem tax. He raised the question of what the public would accept and what they wanted; I wonder if it has as much to do with that as it is related to the fact there was a minority as opposed to a majority government.

Hon. F. S. Miller: No, I do not think so. All of us as politicians will try to assess not only what is desirable but also what is acceptable to the people we represent. The rate of change in the price of something takes some getting used to.

At that point we had seen, if anything, a decline in the price of petroleum across most of our lives in real dollars. The price of a gallon of fuel in 1938 was considerably higher than the cost of a gallon of fuel in 1979. It was one of those rare commodities that had gone down and

down in real cost over the years. Most of the increases were taxes even then, as all levels of government had found it a convenient consumption tax base.

I simply say that, as the nontax changes in the price of petroleum started to escalate, and I guess it had started just before John Crosbie's fateful budget, we had an increasingly rapid rate of change. While for that first year and a half any change was sworn at by the consumers, it soon got to the point where they could not tell if the price had changed by an amount that was even greater than the kind of things that used to agitate them.

We got to this exponential curve where, as the curve got sharper, the sensitivity to change got less, and is becoming less and less. Last week we saw Quebec putting a 100 per cent change in its ad valorem tax rate. Even I sat back with some degree of shock.

Mr. Peterson: You and I.

Hon. F. S. Miller: I said I now have a new plateau.

Mr. Peterson: That plus metrication saved your backside.

Hon. F. S. Miller: Never.

Mr. Peterson: Nobody knows what the hell he is paying. That is the truth.

Mr. Brandt: It just shows how kind the Treasurer really was in his budget.

Hon. F. S. Miller: We probably have the lowest ad valorem tax rate in Canada for fuel, except for Alberta, which has none.

Mr. Wildman: That is like saying to a child, "I will spank you lighter than your other parent does."

Hon. F. S. Miller: You got on to Suncor, and I am not going to try to get into the philosophical arguments on it.

Mr. Peterson: Neither did I.

Hon. F. S. Miller: I have tried to deal with the asset purchase. I have never had a problem of any kind there. We tried to make this point in the House. We never asked the two companies to tell us whether we should buy it. Your leader kept saying, "They never said you should buy it." They were never asked that question. That is quite properly a political decision.

The question of whether we even wanted to buy it is a political decision. Their only requirement was to tell us if the price being asked by the vendor for the asset was a fair price. That was the only question posed to them. Both companies came back and said they would give us a

range of price that was fair. They agreed with each other's range of price, and we negotiated until we were within that range.

I can tell you this much. The negotiations were not done in a week and they did not start within that range; so I would argue that the advice we got from those companies was quite useful to the government of Ontario in determining how much it should pay for the asset.

We can get into all of the arguments about the rest of it. I only say that, to the best of my knowledge, most observers and analysts have felt that, principles aside, the price was right. Some agree we should have bought it and some disagree. On Bay Street, probably more disagree than agree.

Mr. Wildman: Who initiated the offer on the negotiations? Was it the company or the government?

Hon. F. S. Miller: I think I would rather let that kind of question be answered by the Ontario Energy Corporation and Mr. Welch. I would say the company did not come to us. Is that fair enough? On the other hand, the company was for sale.

Mr. Wildman: They tried to sell to 15 different companies.

Hon. F. S. Miller: Fortunately, I am aware; because unlike the implications you may have left, I did not learn about it on the last day. I never pleaded that I had not learned about it until the last day.

Mr. Peterson: How long did you know about it?

Hon. F. S. Miller: I knew about it as long as it was on. It is as simple as that. I guess I would be one of the first ministers who was aware of it at all.

Mr. Peterson: How long ago was that?

Hon. F. S. Miller: I cannot even be specific, but it was early spring, as I recall; after the election some time.

2:40 p.m.

Mr. Peterson: Did you participate in those negotiations?

Hon. F. S. Miller: With the company? No, I never participated in the negotiations with the company, nor do I believe any minister did as such. I think that was done by professionals. But the ministers guided the negotiations and were keenly aware of them on an almost day-to-day basis.

I would make just one little passing comment. You asked me if my deputy had moved on

because of that. Let me tell you, my deputy, the man who left, did not get moved by anybody because of lack of confidence. Let me assure you of that.

Mr. Peterson: Where is Rendall now?

Hon. F. S. Miller: Rendall is with the Attorney General's ministry again, where he was for many years. I have to say I have dealt with many civil servants in eight years as a minister. If you can describe one who more faithfully fulfils the mandate of a civil servant, I want to meet that person. In my opinion, he would give his point of view, but would always willingly do what the minister decided should be done once the decision was taken, without in any way trying to twist that decision to his own point of view. That, to me, is the essential criterion of a good civil servant. They will tell you which way you should go. After you have had your crack at it and made your damned fool decisions, they will do what you want them to.

I just want the record to show that not only did I have an extremely fine professional relationship with that gentleman but also an extremely fine personal one. I know that he has a very great love for matters of the law and is probably as erudite and intelligent in that area as anyone I know. I know you were not implying anything else.

Mr. Peterson: No, of course not. I would not do that.

Hon. F. S. Miller: The other implication you made there was that somehow—

Mr. Peterson: What was the evaluation they put on that company?

Hon. F. S. Miller: I think \$675 million was the high end, \$550 million to \$675 million—the letter would illustrate—for the 25 per cent.

Let me get on to one other thing. I may be mixing up my answers, but if I can just pick up the point that was made by the NDP, why 25 per cent and why not 51 per cent? First of all, 51 per cent is required to be in Canadian ownership and get the benefits of Canadianization. The company is committed to seeing 51 per cent in Canadian ownership. Ontario is anxious to see, and in fact is determined to see, that the 51 per cent is there.

Right now, in our opinion, we differentiate ourselves from the NDP on this. We do not believe 51 per cent is appropriate for a government. It does not mean that one would not consider doing it if there were not another partner.

Mr. Peterson: Why is 25 per cent appropriate? Is 40 per cent appropriate?

Hon. F. S. Miller: I am talking about the difference between nationalization and equity ownership. There is a difference. Once you are at 51 per cent, you are in control whether or not you like it.

Mr. Peterson: That is, of course, why we want it.

Hon. F. S. Miller: Sure. But that is exactly why we do not. So at least we understand why we have different points of view.

Mr. Peterson: Why did you not buy 25 per cent of Massey-Ferguson or Inco or Denison or Falconbridge or anybody else?

Hon. F. S. Miller: One has to ask, why does a government buy shares of anything? If you shared the NDP point of view, and this is in no way belittling it, it would be so that the people would share in the profits of a company. Fair enough?

Mr. Peterson: Sure.

Hon. F. S. Miller: If you took my point of view as a capitalist who recognizes that the world of Adam Smith is not quite there any more, it would be that there were policy reasons for being involved.

Mr. Peterson: What are they?

Hon. F. S. Miller: They could be any. Why were we in Syncrude? Let us choose that one as an example.

Mr. Peterson: A good situation. They were on the ropes; they needed to be bailed out.

Hon. F. S. Miller: But you are answering my questions.

Mr. Peterson: No, I am not. Syncrude was in danger of falling; you guys rallied round. Perhaps in retrospect it was a good decision at the time you made it.

Hon. F. S. Miller: Later wrongly, we knew.

Mr. Peterson: Maybe selling it was not such a good idea.

Hon. F. S. Miller: I would argue again, of course, that it was for the very reason you would argue it was not. It was making a profit. There were willing investors. They did not need us. It was there; get out.

Mr. Peterson: Suncor does not need you. As soon as it makes a profit—

Hon. F. S. Miller: Sure. I agree completely with you.

Mr. Peterson: For sure Suncor did not need you. They were doing well. They did not need you to invest more in the refinery. Why the hell

did you help them? You are not investing in a lot of companies that do need you, if that is your thesis.

Hon. F. S. Miller: But there happened to be, in the case of oil, strategic reasons for being present.

Mr. Peterson: Name one.

Mr. Brandt: The national energy program.

Hon. F. S. Miller: Whether one accepts them or not, they were seen by my leader and my government as reasons for being there.

Mr. Peterson: You want to hit the NEP incentive at 51 per cent. You realize, of course, it is robbing from your federal taxpayers' pocket, to which you contribute 40 per cent from this province. Right? Do you agree with me?

Hon. F. S. Miller: I have not followed you. Go through the logic of that.

Mr. Peterson: You want to hit 51 per cent with another friendly private sector purchaser, I presume. That qualifies you for a number of NEP incentives; for example, tax expenditures from the federal government. Do you realize that for every tax expenditure made by the federal government, we in this province pay 40 per cent?

Hon. F. S. Miller: Yes.

Mr. Peterson: So there is only a six per cent net return to the shareholders of Ontario. You are kidding yourself. I have heard you argue so many times before, "Well, I will not take equalization from the federal government," because you know we are contributing 40 per cent of it anyway.

Hon. F. S. Miller: I had a principle there that we will get around to in a few minutes.

Mr. Peterson: All right. I am just saying that you are as inconsistent as hell in your logic.

Hon. F. S. Miller: The day you tell me I am consistent, I will change my logic.

Mr. Peterson: I expect you will.

Mr. Wildman: But surely the NEP benefits the company more than it benefits Ontario.

Mr. Peterson: I want an answer to this argument, Bud.

Hon. F. S. Miller: No. I would say those were the basic reasons. Second, as a nonproducing province, Ontario has only marginal chances of being a producing province—not zero, but marginal in any major sense. If we find oil in James Bay or somewhere, we have some mar-

ginal chance of getting into the business. Those are all future. We felt that our presence was in the interests of Ontario consumers.

Mr. Peterson: Why?

Hon. F. S. Miller: I cannot quantify why. I am simply saying that is a value, subjective decision made by a government to say that this is their feeling on that basis.

Mr. Peterson: Think about Scotch in this province. Why not get an interest in a Scotch factory in Scotland? Why, why?

Hon. F. S. Miller: Because Scotch is not quite as vital as oil to the functioning of the province's industry.

Mr. Peterson: Some of you guys eat strawberries out of season. Why not get a strawberry plant and farm—

Hon. F. S. Miller: I did not know they were out of season. If you go to the Bruce Agripark, you will discover they are in season year round. Is that correct?

Mr. Wildman: Surely NEP incentives benefit the company more than the province if that is the argument you use.

Hon. F. S. Miller: I have to argue that again you are tapping a fundamental difference in attitude between your party and mine. Companies are not entities that are owned by anything in the long run but are individuals who are shareholders; therefore, the benefit flows eventually through to somebody who owns shares.

We happen to be the shareholder of 25 per cent of the company. One quarter of any benefit that the company has in any way eventually will flow through to us, whether through an improvement in the value of the property, because you have reinvested earnings, or because you have a flow of dividends.

I would not try to argue, although a great deal of the debate is focused upon it, that the reason for investing in Suncor was to get a dividend. That should be an added—

Mr. Peterson: That was the third reason the Premier gave.

Hon. F. S. Miller: Yes. But that should be an added benefit as a result of the decision. If that were the only one, I would have recommended that he buy shares in Bell Canada, Stelco or

Dofasco—go down the list; you could simply say Inco, any company you thought was capable of paying a dividend, and use that argument.

As to your secondary reason, what are the policy reasons, apart from—

Mr. Peterson: What is the policy reason? Tell me again.

Hon. F. S. Miller: I tried to say—

Mr. Peterson: You felt you should have a piece of it.

Mr. Brandt: I wanted to add a—

Mr. Peterson: No, no. It is not your turn.

Mr. Brandt: The Treasurer just waved at me like this, and that meant it was my turn. I wanted to pop in and say something about Suncor.

Mr. Peterson: Who is the chairman here?

Hon. F. S. Miller: He is the expert on—

Mr. Brandt: No, I am not an expert, but I am very close to the energy field because of the nature of my riding. I can tell you, one of the arguments that is perhaps difficult to explain, but it is very basic and very fundamental to this whole exercise, is where we get our crude from and how that crude is going to be developed.

I think it is fair to say, particularly for those who have looked at the national energy program, that no companies I am aware of at this time in Canada that do not qualify under the Canadianization program are in a position to develop any kind of synthetic crude. All of the Syncrude operation—Imperial has said it cannot go ahead, Suncor was not going ahead, and any others who did not find themselves in a position to take advantage of the incentives under the national energy program, simply could not develop that crude for shipment and sale to other jurisdictions.

2:50 p.m.

Mr. Peterson: So what?

Mr. Brandt: So what? The very fact of the matter is that there is a pipeline, my friend, that comes from the west, and happens to arrive in Sarnia with a thing called crude oil. If the crude is not developed in the west—you are well aware of declining reserves; we are going down in terms of the proven product that we have in the west that can be used for distribution throughout Canada—we will leave ourselves in a vulnerable position. At the moment, 20 per cent of our total volume of oil in Canada is imported. The whole thrust of this thing is to try to get around this problem so we are not vulnerable to exports from other countries. We have to develop more crude in Canada.

One of the vehicles to do that, quite obviously, is Suncor. The only way that Suncor can proceed is if Suncor becomes Canadianized under the national energy program. In so doing, keep in mind that Suncor has many thousands of acres of leased land in Alberta that is there for exploration purposes and where oil is likely to be found. I wish it could be found in Ontario, but the fact of the matter is you have to get the oil where it is rather than where you would like it to be. That is a reality of life.

Mr. Peterson: You are getting profound, Andy.

Mr. Brandt: Listen to what I am saying and you may understand part of the reasons for which we got involved in this thing. You keep looking with amazement and utter—I do not know what it is, you have that look on your face.

Mr. Hennessy: Why don't you run for leader, Andy?

Mr. Brandt: Of which party?

Mr. Wildman: I am sure you will not answer this. I will ask anyway. Does the government know of a prospective buyer for the other 26 per cent?

Hon. F. S. Miller: I cannot answer specifically. If you asked me whether people are actively looking and whether there have been people actively looking, the answer would be yes. Do I know who they are? The answer would be no. I do not know who all of them were or are because of the very nature of those kinds of negotiations. Just as when we were negotiating it was done—I would think that the Second World War spy mystery writers would have learned quite a bit from our coding and modus operandi of getting together.

That is part and parcel of the negotiations for the sale of these kinds of assets; it always has been and always will be. It is part and parcel of the very argument that arose in the House as to how much information was available to the public. It was not contrary to the, I would say, relatively skilful opposition attacks, as once in a while they have to be—that was a red herring, and you knew it was a red herring, David. You kept saying the information you needed was not there. The fact is, you certainly know there was a good deal of corporate information traded in this kind of negotiation, which for the sake of the corporation and not for the sake of the government of Ontario, was kept—

Mr. McGuigan: We never asked for that.

Mr. Brandt: We cannot get specific questions from the opposition; what we get is requests for more information in a general package.

Mr. Wildman: That is not true. We have been asking specific questions.

Mr. Chairman: Anyway, you are getting answers to these specific questions now, I think.

Hon. F. S. Miller: I did not mean to start a debate. I just—

Mr. Peterson: No, I do not think we should be in a debate here—

Hon. F. S. Miller: Let me get to the comment made by my Liberal critic—

Mr. Brandt: Are we still on Suncor?

Hon. F. S. Miller: I am still on energy; I can easily be on Suncor.

Mr. Peterson: I have not finished on Suncor yet.

Mr. Brandt: Neither have I. All I am trying to do is to respond to that which you said, and I trust and hope somewhere along the line you may get at it later. I have no objection to taking whatever time is needed on it.

Mr. Chairman: Probably it would be a good idea to get along with the response so that we can get back to the specifics later on.

Mr. Peterson: Why do you keep changing the rules, Mr. Chairman? You keep changing around and letting him respond to the minister, flipping all around the place.

Hon. F. S. Miller: But, David, be fair now. Who really was allowed to interject first?

Mr. Peterson: Well, I did not.

Hon. F. S. Miller: I thought we were having a discussion on the Suncor matter. We all felt comfortable; we agreed to that. I felt comfortable in the way we were handling it here, but I sensed we were still on the opening phase kind of discussion. It has been broadened out a bit.

You implied, though, that somehow, because this commitment to buy Suncor has been made, it stops anything else from happening. There would not be any research on the alternative fuels like peat—

Mr. Peterson: How much did you put into peat research?

Hon. F. S. Miller: You know the Ministry of Energy had \$165 million put aside in a five-year plan—

Mr. Peterson: They put zero into the peat project after they decided it was viable to do something.

Hon. F. S. Miller: I want to tell you that just recently there was a major study on peat, and you know it.

Mr. Peterson: I know. That is my point. You put no money into it. You said it was viable; it could do something for this province, create jobs and so on here.

Hon. F. S. Miller: We still had well-known deposits of higher-grade—

Mr. Peterson: Hydrocarbons.

Hon. F. S. Miller: They are not hydrocarbons, no.

Mr. Peterson: Are you sure?

Hon. F. S. Miller: Yes.

Mr. Peterson: I thought they were.

Hon. F. S. Miller: They are carboniferous. Anyway—

Mr. Peterson: Anyway, reindeer eat it.

Hon. F. S. Miller: They are carbon deposits in the form of lignite et cetera. The real issue is not whether they are there; the issue is only at what cost they can be extracted and used. Are they used in situ? Are they transported out? Are they converted to electricity? At today's prices it may not be currently economical to convert them. We have talked about Onakawana as long as I have been around, and I guess for many years before that. Pardon?

Mr. Peterson: You are talking about the coal deposits now.

Hon. F. S. Miller: Lignite is an advanced state of peat, I hope you will agree.

Mr. Peterson: Okay, if you want to bring centuries into it.

Hon. F. S. Miller: Yes. It is a little more compressed.

Mr. Peterson: What is your theory? To sit around and wait until the peat turns into lignite?

Hon. F. S. Miller: No, my friend. Although, as we sit here it is happening.

Mr. Peterson: There is lots of fossilization going on, I agree with you.

Mr. Brandt: Isn't that comforting to know?

Hon. F. S. Miller: Again, if one looks at the world, there is nothing technically difficult in talking about the utilization of peat. There is nothing technically difficult about utilizing lignite.

When I was Minister of Natural Resources, I spent an interesting week poring over the massive lignite deposits of Yugoslavia, which probably uses more lignite than any other

country, at depths that would make us, in Canada, somewhat amazed. They are much deeper than ours and much bigger.

I think we have 200 million tons at Onakawana that we have identified in the one deposit. That would keep a thermal generating plant operating for 30 years at whatever megawatt output the people were planning.

I think the last figure I saw for Yugoslavia was 28 billion tons; so our deposit rather pales into insignificance by comparison. But it is a very high fly-ash material with very low sulphur usually, a very low thermal content, high costs of extraction and, in our case, a long way out in the middle of nowhere. So you have all those things to compete against, and all you do really is identify when it becomes economic to use those as opposed to other forms of energy.

I can get into the Board of Industrial Leadership and Development later on and say we are taking some steps to try to concentrate on indigenous sources. The most likely indigenous source we will use, even before some of those, will be nuclear energy in a greater way.

All I want to say is that the Ministry of Energy—and that minister is better able to describe it than I—will be carrying on with alternative fuel studies and making these economic analyses. Your competitor for the leadership, from near my riding, tends to go around with and quote 22 cents a gallon for ethanol off his back lot.

Mr. Peterson: He is doing well, isn't he?

Hon. F. S. Miller: Yes. But the truth is that he has not allowed for capital costs or a bunch of things when he talks about that. When one looks at the cost of ethanol or methanol production, traditionally it is higher than the cost of the fuels we currently have. So they will have their day. All you have to be is ready for them when their day comes.

Mr. Peterson: But you are not ready for them.

Mr. McKesock: Why did you not spend some of that money to get ready for them then?

Hon. F. S. Miller: We are spending it. See, somebody else is interrupting.

Mr. McKesock: Turn all this excess farm land you have purchased in Pickering—

Hon. F. S. Miller: Let me come up to your area. Given time, in the Bruce area I think you will see a major revolution in the use of farm land as the excess and waste heat of the Bruce nuclear plant is converted into agriculture use, not only for greenhouses but also for methanol and ethanol production, for drying and for a

number of other techniques that will allow a totally different and much more prosperous land use in the area. That to me, in the long run, is a very good use of energy.

3 p.m.

Mr. McKessock: Would it not be more prosperous to put this land we are covering with concrete right now into growing these crops for fuel alcohol rather than some day down the road finding that we do not have that land available any more?

Hon. F. S. Miller: You are going to have that land available, and you know darned well that in the United States they have just pulled most of the gasohols off the market because of lack of demand. They are dropping off down in the United States right now. There are a lot of problems with alcohol. It is hygroscopic.

Mr. McKessock: It is what?

Hon. F. S. Miller: It is hygroscopic.

Mr. Chairman: You didn't know that, did you, Bob?

Mr. McKessock: What does that mean?

Mr. Peterson: I have no idea.

Hon. F. S. Miller: Then I can state definitely it is hygroscopic.

Mr. Chairman: Does that answer your question?

Mr. McKessock: Does that mean you put it on ice or what?

Hon. F. S. Miller: Some people do. I think you will find it tends to absorb water very quickly; it is a major problem because, unlike gasoline which does not, alcohol does. The moisture in the air will dilute the gasoline. You get a number of problems as it does that. Even at a 10 per cent rating in gasoline, that happens. If you have your car sitting in northern Ontario with 10 per cent gasohol content and you come out on an ice cold day in winter, you are likely to find you have a frozen gas line.

Mr. McKessock: This would be some of the research you would have to get into to counteract that.

Hon. F. S. Miller: I am not arguing that. I am simply saying it is the case. My deputy is pointing out to me, quite properly, that BILD itself, and I mentioned BILD and its energy components a couple of weeks ago, has helped to fund the Institute for Hydrogen and Electrochemical Systems, which is concerned with the better use of electricity to create hydrogen for energy and a number of other projects aimed at

that, particularly those that depend upon the use of nuclear power for electrical generation and a better utilization of electricity as a result of that.

Let me go through the rest of my comments, and then I will let the chairman take us back to where you want to go, or where he wants to go.

I get a little upset when I hear you tell me that you understand the plight of the farmer better than we do, or that their plight is greater than we know. No one is denying that the specific and special problems of the farmer are greater. I do not know of any other group in society that takes the risks farmers do on an annual basis. We are getting so used to a society that wants a guaranteed pension plan before accepting a job, that we tend to forget that a farmer asks very little out of life except a chance to grow a crop in the hope that somebody will pay for it when he is done, if he gets it in. Not too many people are willing to live with that kind of vagary in their life. They put up a lot of capital and a lot of time.

I get very frustrated when I see the honest-to-goodness difference in net return to a farmer, as opposed to many of us, like myself or you, who live in professions where we have some way of making sure our return is what we think it should be, be it the law, be it engineering, be it the truck driver who picks up the milk from the farm or be it the dairy that processes the milk. Everybody else has a reason to have to pass through today's living wages and add the costs on to their product, or else they will not handle it.

The one guy who gets squeezed in it all, in my opinion, is the farmer. He has absolutely no control over the cost of input, and virtually no control, unless he is in a marketing group, over the price of the product. Milk is a variation on that, but it happens to be so. I think you people would agree with me.

When we get into the arguments then, that is what makes the farmers' plight a little different and a little easier to differentiate if, as and when actions are taken to help them. I had really thought the federal government would come through with some significant help, and I think you did too.

I had seen Mr. MacEachen in June. I had made a plea for the availability of money through the small business development bonds. I accepted as being reasonable his thought at the time that unincorporated people would probably not be eligible. He got around that all right, I am pleased to say.

We implied that Ontario would forgo its

revenue—it is a loss rather than expenditure—to see that this was taken, but I have to say the limitation on the conditions for the issuance of SBDBs and the fact that first six per cent does not qualify have changed the ground rules so significantly that this part alone is not going to be much use.

Our reaction at this point is that we had a very interesting task force study prepared by the Ontario Federation of Agriculture. It came in last Wednesday. It is going to be gone over as quickly as we can. We have taken a couple of Band-Aid steps, and we don't deny that. I have never tried to stand up and say one-shot payments to the beef producers were a policy. They were a program to keep them alive through a period of time until we had either a restoration of market conditions or some programs to assist in the long run. I have never tried to stand up and say that was policy. It was a reaction to the stated requirements of that industry. I can only say we will be doing our best to go on.

I notice you support the moratorium, as does the NDP. We are studying it. It is too early for me to tell you where the jurisdiction lies on that. I can only say there are some problems in a system where most of the lenders are not big institutions. Most of them are just individuals, farmers themselves, trust companies in some cases, or people in the community.

You can quickly dry up the source of money through some of those actions. That is one of the things we have to recognize. In trying to solve a problem, you had better make sure you have not totally eliminated the source of help in the process. That should in no way be taken as an opinion as to whether it will work. It is simply a caveat that, in the process, you have to make sure you have not thrown out the baby with the bath water.

I will go on to the NDP's comments.

Mr. McKessock: Before you get off farming, for the long-term benefits of the farmers who are now in very severe financial distress, are you considering re-establishing the junior farmers' loan program so that they will be able to refinance their present debt into long-term financing at 12 per cent interest?

Hon. F. S. Miller: That is an area I have a great deal of sympathy for, the younger farmer and his problems of getting into business, no matter—

Mr. McKessock: I am saying any age. I am glad you mentioned that point. I don't think it

should be just for the young farmer. That young farmers' program cuts off at 35, I believe. There are a lot of farmers today between 35 and 50 who are in financial trouble.

Hon. F. S. Miller: I define young as being younger than me.

Mr. McKessock: That's fine. As long as you take that attitude, we should be all right.

Mr. Peterson: Then everybody qualifies.

Mr. McKessock: That is a good point, though. That age limit should be taken out of there. We cannot do away with these other farmers who are in financial distress. They need some way of refinancing at a lesser interest rate. Not that they need more for capital purchases, but they need capital for refinancing this present debt.

Mr. Chairman: I can understand why he gave that cigar away.

Hon. F. S. Miller: The task force deals very extensively with the question of refinancing and the problems related to finance. Those are going to be among the first issues studied.

Let me now try to review the NDP's comments. It is probably always easier for a Conservative to argue with a member of the NDP than with a Liberal, because we always end up having much more polarized points of view.

Ms. Bryden: That proves there is really no difference between the Liberals and the Conservatives.

Mr. Peterson: A nice piece of deduction there.

3:10 p.m.

Hon. F. S. Miller: I only smoke Cuban cigars.

You started out your comments by saying you were looking at my optimism. As critics it is your job to be professional pessimists because obviously if you are optimistic, as I am most days of the week, you just could not run around telling the world how bad things are under our management. You pointed out that you thought foreign investors were quick to see through my rose-coloured glasses and pick up the reality of Ontario or Canada.

First, I am an optimist. I recognize we are having problems today that are grievous. They are more serious than I recall since the war.

Mr. Peterson: Which war?

Mr. Chairman: As the Speaker says, ignore the interjections.

Mr. Peterson: Nobody listens to the Speaker.

Mr. Chairman: No, that's true.

Hon. F. S. Miller: I am an optimist. When I was first in natural resources, the price of nickel was so low that Inco was laying off a lot of people. The price of copper was so low that the copper producers could not survive. The zinc producers were closing up their mines. Gold was quite low and the gold producers were all asking for subsidies. Pulp and paper prices were so low the pulp mills were all in trouble.

I thought I had inherited every difficulty in the world. I was intrigued by the fact that when the cycle was low in those cyclical industries no one ever remembers it being that way in the past. They took whatever mode they were in and projected it forward forever. If it happened to be pointing down, their faces were long. If it happened to be pointed up, they were far too optimistic. That intrigued me because surely most of them realized the trend lines of their cycles.

Mr. Wildman: Are you suggesting we are in a cyclical downturn right now and—

Hon. F. S. Miller: It is not that simple. I am not trying to be that simplistic. It has been compounded by what are carefully determined policies to create exactly what we are seeing. What I think you have to realize is that the federal government of the United States and the federal government of Canada by their monetary policies have chosen to cause the kind of results we now see around us. That is not an accident in my opinion. Their decision was carefully taken to fight inflation. To do that, you have to cause misery. We in Ontario have been somewhat critical of that point of view, but you must remember—

Mr. Peterson: More so recently, I noticed with some interest.

Hon. F. S. Miller: I think in fairness we have been fairly consistent on that score.

Mr. Peterson: You have certainly upgraded your attack from last—

Hon. F. S. Miller: I would say I have been more moderate in my response to this budget than I have been to the last two so far.

Mr. Peterson: You are including the Joe Clark budget?

Hon. F. S. Miller: Yes.

Mr. Peterson: You are highly quotable by the federal Liberals.

Hon. F. S. Miller: Yes, and the federal Conservatives too. I do not think I would run for leader of the federal party.

Mr. Peterson: I am not sure about the provincial party after Suncor either, if you want to look for Trudeau's advice.

Hon. F. S. Miller: One must recognize the lever is in the hands of the United States monetary policy and Canadian monetary policy. You will remember I made a speech saying it is very difficult for a province to run its own policies countercyclically against the basic thrust of the policies in the US or Canada. In fact we advised Ottawa that even their running against the American policies in any dramatic way often could be self-defeating. Our fiscal resources do not allow much of that because basically our job is to say what we can do with the resources we have.

It is like generals going to a war; they sit down and estimate the casualties coldly, unemotionally and impersonally. They simply say that those casualties have to result before they get to their objective. In Mr. Bouey's case that objective happens to be a reduction in inflation. In Mr. Reagan's case it happens to be the same thing. I hope they are right because they happen to be in charge.

Mr. Wildman: Even Mr. Bouey has admitted in the last few days that it has not worked, but his solution is more of the same. It is almost like Thatcher's.

Hon. F. S. Miller: I thought I saw him saying yesterday it was working and given a little time the moment of truth was here, or whatever it was he was saying.

Mr. Wildman: It would be here, but he is basically saying inflation has not come down at the rate he had hoped and so we need more of the same.

Hon. F. S. Miller: I posed a philosophical question and I am anxious to hear what you think about it, too. Can a democratically-elected government sustain that kind of policy long enough to make it work without being thrown out by the electorate?

Mr. McGuigan: There will be mid-term elections in the United States next November and the Republicans will be thrown out because of Reagan economics.

Hon. F. S. Miller: It is a very interesting question. Margaret Thatcher is faced with that problem. Assuming they are right—

Ms. Bryden: That's a big assumption.

Mr. Wildman: Far right.

Hon. F. S. Miller: Well, far right. The question is: Can they survive the pain that goes

with the correction? They are trying to turn around 35 years or more of misdirection in one term of office both in the United States and in England. I would argue that people are so accustomed today to instant results that because they haven't seen them at once, even those business people who counselled governments of the Carter era to tighten up and do things are saying, "We really do not like what is happening."

Mr. McKessock: Assuming they are right, if they had not taken that policy, in your opinion, do you think inflation could have been 20 or 25 per cent by now?

Hon. F. S. Miller: I do not know. One thing I have learned as the Minister of Economics is that no one knows. My staff are now just leaving.

Mr. Wildman: If Sterling Lyon's experience in Manitoba is an example, then they cannot survive it.

I am a little confused here. It seems to me when you put the phrase at the beginning of your statement "assuming they are right," you then proceed to defend the monetarists and say, "You cannot resolve 35 years of Keynesian economics and problems of inflation in one term." Take off that first phrase, "assuming they are right," and tell me whether or not you think they are right. If they are not, what should they be doing and what should the province be doing?

Hon. F. S. Miller: I have people out there who are much better trained in economics than I am. I quickly defended that. I should never feel I am an expert or I would be in trouble. The moment I think I am an expert, I will start advocating points of view that are either supply side or whatever. I sit there being a pragmatist trying to say what sounds reasonable to me as a practising politician.

Mr. Wildman: I'll accept that.

Hon. F. S. Miller: They always model on the assumption that if you put enough pain on society, the demands of labour and all those people who supply goods and services will moderate and you will therefore cut the rate of inflation. At the same time, we have built into the system so many supports for people, be they individuals who are out of work or even now companies that are on the ropes, we are in effect destroying part of the reaction to the old system.

Mr. Wildman: Surely your government is part of that?

Hon. F. S. Miller: I am not denying that. I am not even going to counsel doing away with many of those personal supports. I am just saying that looking at economic models, not looking at the politics of it. Therefore, the willingness to react as perhaps supply side did in the past or the people who supplied services did in the past, which moderated demands in bad times, does not happen.

In Newfoundland a couple of years ago the minister said, "I have 20 per cent unemployment and half the work force on strike." I only use that example to say that theoretically, if these guys were right, a 20 per cent unemployment rate should have meant that everybody was saying, "My God, this is no time to strike. We should be thankful we have a job. Let's go to work and maybe even counsel the boss to give us a little less money."

Mr. Wildman: Thank God we have not returned to that situation.

3:20 p.m.

Hon. F. S. Miller: But you have to accept that fact is behind some of the theories, though it may not be in quite as dramatic a fashion. I guess what I am saying is that there has been no awareness or acceptance of that in most areas of the world. There has been some in the States, to give them credit. At the Chrysler Corporation where the men were faced with keeping their traditional parity with Ford and General Motors, they accepted a temporary period of wage freeze.

I guess American Ford recently had a similar agreement. It will be interesting to see whether labour feels those sacrifices have paid off for them in terms of job security. If it does not, if those companies go broke, then obviously there will be a great deal of bitterness, because the employees have in those cases done what very few employees have done in recent years—they have been willing to take less now for security.

Mr. Wildman: There is no question about that, but would you not agree the major problem we face right now in terms of the inflationary spiral is not wage demands in the last few years? In the last few years, at least, wage demands have not kept up with the inflation rate. As a matter of fact, they have moderated it.

Hon. Mr. Miller: I am not going to get into that, because I think that becomes a point of view and I cannot really tell which persons or which part is ahead on any given day. All I know is that the snowball gets a little bigger each time

it rolls over. That is part of the problem. I am not trying to point to any part of it as the cause. The sum total has been rolling with a greater diameter each time. So, you have seen inflation on an accelerating upward curve.

I got a little off track there. I heard the honourable member say things will be worse in 1982—

Mr. Wildman: I was just quoting from Midland-Doherty Limited.

Hon. Mr. Wildman: Okay, and I can quote others too. But, funnily enough, in that conference board report which came out in the last couple of days, I would argue that they had a surprisingly high real economic growth rate for next year. What was it, 2.2 per cent or something? In the notes here it says 2.2.

At times, I have been unwilling to accept their figures because they were too low. I pray they are right this time.

Mr. Wildman: If you compare their figures with Statistics Canada, I hope the hell to are right.

Hon. Mr. Miller: At the same time, while saying 2.2 per cent real growth, they are saying the job creation rate next year will be less, almost a third of this year's. Less than half and close to a third—is that fair? Traditionally, if I look at their cycles, they have underestimated the job creation rate. I have had those used against me in the House from time to time. We have countered and said we think they are wrong and I must believe we have won in most cases. Would you buy that?

Mr. Wildman: I would agree.

Hon. Mr. Miller: Our guys have been pretty accurate in their overall predictions in the Ministry of Treasury and Economics on job creation rates.

So, if we can accept 2.2 as being anywhere near right, next year will not be quite as bad. What I suspect it will be is a slow start and a good finish. That was the way 1981 was to be but we had a fast start and a slow finish. Based upon all of that I am not sure how to interpret the results.

You point out that sales tax on autos was my only answer and \$40 back on cow-calf operations was my only answer. No again. This time we took that move reluctantly, because we had done it recently. I have a belief that if you use a technique too often it will lose its effect.

Mr. Wildman: Like the sales tax cut for cars?

Hon. Mr. Miller: You would have to admit it worked.

Mr. Peterson: Well, Statistics Canada doesn't seem to think it did.

Mr. Wildman: A classic case of borrowing from the future.

Mr. Peterson: You spent \$10 million or \$20 million helping out a bunch of car dealers; for God's sake, half the stuff is imported, and there was stuff coming across our borders. What about refrigerator dealers?

Hon. Mr. Miller: Did you not hear my basic reasons in the beginning? I never tried to claim it would create many jobs in the production line.

Mr. Peterson: It's an awfully expensive thing—

Hon. Mr. Miller: I said that from the very first days I made the statements. I said what I was doing specifically was keeping one of the most important parts of the North American auto industry alive, the dealer network.

Mr. Peterson: And the Japanese—

Hon. Mr. Miller: I have to keep the Japanese network alive by law. It has happened that they were not in trouble, but that our guys were with approximately 47,000 vehicles sitting in stock on November 1. About 43,000 of them were North American, and about 4,000 of them were Japanese. That would be one third, roughly, of their normal market share—a little more than that.

When Renault moved in and bought AMC, it was not to get the Pacer and the Jeep—perhaps the Jeep—but it was to get a network of dealers. Would you buy that?

Mr. Wildman: I have no idea.

Hon. Mr. Miller: It is true. Read Forbes or the other business magazines in analysing it. Dealer networks are extremely critical in the distribution system. They take years to create. The risk of losing some of our strongest members was very real. Do not take my word for it. I only ask you to go back home and talk to some of the people out there. Ask them whether we achieved our result of getting a tremendous burden off certain people, knowing we had little total new car sales generation by that technique. We had some but not much. I never tried to say it created many sales, but it moved them to a time that should allow them to survive through a slow winter. I took one—

Mr. Wildman: However, the Premier made that argument. He stated in the House, I think in your absence, that one of the main reasons for

going ahead with this was to lower the 1981 inventory so there would be more orders for the 1982 inventory.

Hon. F. S. Miller: That is true. If you went to many a lot they had virtually no 1982 models because people could not afford them. They would replace them with those. Now there is a normal level.

I will use a Toronto dealer as an example. I asked him if he is reasonably typical and he assures me he is. I will not name him. He came into the period with about 410 to 420 1981 cars in stock. Two days before the program ended he was down to 40. He was astounded because he said it was not the low end of the scale that sold, but the high end of his product mix.

One would not think people who could afford \$25,000 would be motivated by \$700, but they were. He pointed out the difference of 350 cars, for argument's sake, in inventory had an average cost to him per month of more than \$350 a car. There was a little over \$100,000 difference a month in interest costs. That was why it was done. They now enter the winter able to adjust to a relatively slack period without a high overhead burden.

Mr. Peterson: They are still not going to buy. That means there are still the big layoffs. Dealers are going to be more cautious about restocking. They do not want to get stuck with 450 cars in inventory again. Why is it your responsibility, for God's sake? Is this the third or fourth time in the last five years you have had a—

Hon. F. S. Miller: Third that I know of; maybe fourth.

Mr. Peterson: Four, I think; McKeough did it. Am I right?

Hon. F. S. Miller: I did it three times. Yes, you are right; four times.

Mr. Peterson: It was six months before the last election, which was really off. If you can justify it at all, possibly you can justify it for a one-month period to move inventory up. Your last shot was a six-month period expiring just after the election. It has an impact only at the beginning and the end. There is evidence of that in various programs. I understand there is evidence of that with respect to the sales tax rebate on any given product. It does not create any more manufacturing jobs. Why have you a responsibility to car dealers, for God's sake, when you do not have a responsibility to the refrigerator dealers—

Hon. F. S. Miller: This is where I think you have lost my point.

Mr. Peterson: —who are sitting with Admiral stuff in stock?

Hon. F. S. Miller: I want North American cars to be sold the moment the market returns to normal. I want them to have a fighting chance to beat the Japanese cars. I believe strongly in protecting the North American market. I really cannot do anything about tariffs or import controls or whatever. That is within the federal domain. You and I drive a North American car. I hope all of us in the room do. If you do not, please leave.

Mr. Sheppard: You had better ask who drives a Honda. I do not.

Hon. F. S. Miller: To keep that flow-through one has to have solvent, experienced distributors. There is no industry in this province that is more essential to the overall employment level than the auto industry. Therefore it must be kept healthy.

Mr. Peterson: You are not keeping it healthy. You are going to give them a little shot of adrenalin in November and they are going to bleed in January.

Hon. F. S. Miller: There is nothing I can do about making them buy in December or January.

Mr. Peterson: No, but you do it again. What you are going to end up doing is force-feeding this thing. It is getting to be a habit with your government. Then what you are going to find is people who hold back and say, "Miller, the old used-car salesman, will bail these guys out again next June when they have an inventory problem." It goes on and on.

Hon. F. S. Miller: It is fair for you to criticize me here. Without naming them, it happens that some of your own colleagues have privately told me what that meant in their ridings. I would bet few elected members here have not been told by at least one dealer what that meant. You tend to forget how many people work in the dealer network.

Mr. Peterson: Why would they not? Good God, you are the one who is obsessed with chronic deficits, spending money and all that kind of thing. I can tell you 20 better ways to spend that money.

Hon. F. S. Miller: I did not spend any money until somebody bought something. You have to remember if those parties—

3:30 p.m.

Mr. Peterson: A tax expenditure; after all the great discussions we have had over the years about tax expenditures, you are the one who said in your last mini-budget you were going to have great tax expenditure studies on all this stuff and have never delivered on it.

Hon. F. S. Miller: Oh, just a second now.

Mr. Peterson: No, you have not.

Hon. F. S. Miller: In last year's budget I said the tax expenditure study would be done. It is being done.

Mr. Peterson: I have not seen it on any of these programs. I would like to see it if and when you do it. It is a discipline your ministry should have and we have argued for that for a long time, but I have yet to see it.

Hon. F. S. Miller: I think we said right after the budget last year, or even at budget time, that having the tax expenditure study complete even for the 1982 budget would be nigh on impossible. Therefore one would aim at the 1983 budget or the period prior to the 1983 budget when one would have the tax expenditure study done. Is that about right, Brock, or have you checked that?

Mr. Smith: Yes, sir.

Mr. Wildman: Do you have any inventory figures on the results?

Hon. F. S. Miller: I do not have up-to-date ones. We had some November 20 manufacturers' reported sales which showed that, of the 47,000, 17,700 had been reported to the manufacturers as having been sold. That sounded low so we did some quick telephone checks. It was a small sample so I would not jump to conclusions.

I got a telex this week from a dealer in Kitchener who told me that 65 per cent of his went. We had hoped 50 per cent would go. I think we exceeded the 50 per cent mark. I think you will find we probably have got close to 75 per cent of the units out there sold.

Mr. Wildman: Do you anticipate a backlog of 1982 models as a result? Will people who intended to buy 1982 models buy 1981 models?

Hon. F. S. Miller: No. Unlike some of the times when we get to the marketplace, marketing studies would say there were more people potentially ready to buy a car than is normal because they have been delaying for all the reasons such as high interest, et cetera. The life of each car was getting longer in the hands of each owner so potentially there was a greater

market demand as there still is. In terms of the marketplace, that is seen as a good sign. There are still a lot of people out there who will need a car before long. The question is, what will trigger them? Will it be lower interest rates? Will it be their own assessment of the security of their jobs? What kind of thing is going to precipitate that?

Quite properly, a lot of people are putting off that decision if they have any worry about security. People who are faced with a change in their mortgage payments obviously are in many cases scrambling to cover that in advance of going into the car field. All those factors are compounding our troubles. Most of them end up being related to interest rates. One would have to come back and say, of all the factors over the marketplace, interest rates is the greatest, single obstacle.

That is why I have been happy to see the 650-point decline that we have seen roughly over the last few months in the hope it will carry on. I do not know. I have experts in interest rates sitting here and you can question them when the time comes about where they think it is going to go. Let me give the minister's point of view which automatically will become the staff's.

Mr. McKessock: It depends who speaks first.

Hon. F. S. Miller: There are those who say the American rates which are determining ours will drop a bit further, maybe by a couple of points.

If one looks at the spread between Canadian and American rates, particularly in the futures market, there is a much wider spread than is traditional. Would you buy that? Somebody said five and one half percentage points at 90 days, whereas a point in many cases would have been considered closer to normal.

That is a good sign for Canada. You know the Bank of Canada has been keeping the rate up lately, not because it is trying to keep the rate up but because it is trying to dampen the oscillation. It has been intervening in the marketplace as it did last week to keep the drop somewhat modest. Without that intervention there probably would have been a more rapid decline. The banks are working on a greater spread over the Bank of Canada rate than normal. It is close to two points. One point would be closer to normal.

Mr. McIntyre: It is even above two.

Hon. F. S. Miller: The Canadian difference is greater than the American difference. Last of all, there has been a greater difference between

historic real rates of return in the interest rate market. So three technical factors would say there is room for some adjustment in the right direction. I would assume, as long as it is orderly, we are in good shape.

From there on, all the experts go in different directions. There are those who say you are going to go back up in the spring. There are those who say you are going to see a rapid drop because they are going to win the fight against inflation, and we are going to see this thing come down quite quickly. There are the pessimists who say the world is going to end, and we are going to see a three per cent rate.

There are all those different scenarios. I am not projecting any of those. I am only saying what is happening and the medium term should be reasonably good. If it is, and if we overcome some of the negative psychology of the marketplace, we have a fighting chance for some recovery, because negative psychology, which is what we started on, really is perhaps the most important factor right now in terms of determining which way we go in our overall economic point of view.

Mr. Chairman: Back to the notes.

Hon. F. S. Miller: Back to the notes. I just got down to line two on NEP.

Mr. Peterson: If the figures are coming in on the sales tax rebate, what is your best estimate of the cost?

Hon. F. S. Miller: If I say probably 30,000 cars sold—this is strictly a guess—at an average cost of \$550 per car, then I would guess \$17.5 million.

Mr. Peterson: You ascribe no jobs to that, though?

Hon. F. S. Miller: You ascribe none. I say that what I basically did was maintain a dealer network in place. We will get a slow rebuilding of inventory at the dealer level with 1982s that will probably keep them stocking themselves for a 40-day period instead of a 60-day period.

They will be pessimistic in their sales projections. They will probably get into a short position if the market is good and there will be a scramble for orders on the plant through the winter. This is my gamble. That is still on roughly 20 per cent, they tell me, of all the cars sold in Ontario or Ontario produced. One can only ascribe that part to Ontario. The real market that must come back up is the American market to create the jobs in the Canadian market. You know that and I know that.

Mr. Peterson: So you are subsidizing foreign people who work in other places for \$17 million?

Hon. F. S. Miller: Yes.

The point I tried to make earlier, and I guess I did not do it clearly enough my deputy has just reminded me, but the \$17.5 million of forgone revenue was not coming in. I would argue that I have in fact created that sales tax expenditure to a large degree through inducing sales.

Mr. McKessock: But you will not get it next month or this month.

Hon. F. S. Miller: Wait until the month is over because I am going to take a gamble that sales of 1982s in Ontario during the 23 days of the sales-tax-free sale, were greater than they were in the rest of Canada. That happened in February 1980. Do you recall that month when we got rid of the 1979 models? Our sales of 1980 exceeded the national average in that time frame. You get people in the frame of mind to buy, they go in, get upgraded or whatever, to a 1982 and probably you will find sales of 1982s are slightly higher.

Mr. McKessock: The neighbour is going to see them with a new car and they are going to want one too.

Hon. F. S. Miller: No, no, no.

Mr. Wildman: They are going to run into a fast-talking salesman.

Hon. F. S. Miller: I remember one of the lessons I got when I was a young salesman, from a man who owned an insurance company in Kitchener—

Mr. Brandt: Was that a long time ago?

Hon. F. S. Miller: You are on my side.

Mr. Peterson: Was that before or after you were an engineer?

Hon. F. S. Miller: After. I was an engineer first.

Mr. Peterson: You were an engineer and then you went and sold insurance, is that what you are telling us?

Hon. F. S. Miller: No. I was working for a gentleman in 1960 who owned a paint company in Owen Sound and an insurance company in Kitchener—Northern Paint and Varnish, if anybody wants to go back and look at it.

Anyway, he was saying he was a self-made man and his basic theory—this gets us back to selling the cars in the showroom—was that on door-to-door selling which he did for insurance, he knew that if he saw 10 people he got one sale.

He said the trouble was most salesmen went around saying, "My God, nine people said no." He always went around saying, "There have to be nine noes for the one yes. So if I see 20 people today I have two sales, 30 people I have three sales." A very positive approach.

3:40 p.m.

Most salesmen get defeated by everybody saying no and so few saying yes. I learned that very quickly. If you bring me 10 people into a showroom, I will sell to three of them. The question is how do I get the 10? If you get 10 coming through the showroom looking for 1981s, three of them are going to go out with something. Okay?

Mr. Peterson: We can not take the car dealer out of you, Frank, no matter how hard we try.

Mr. McGuigan: If they made up their minds to spend \$10,000, it is fairly easy to get them up to \$12,000.

Hon. F. S. Miller: Or even a 1982, if their budget allowed them to do it.

Mr. Peterson: What am I supposed to tell the guy I met last week—I forget what town—who just lost his farm implement dealership? He just went under.

Hon. F. S. Miller: What are you going to tell him?

Mr. Peterson: Why do you not do something for him? They are dealers. I assume that to Massey Ferguson the dealer network is equally as important as Elgin Ford is to Ford.

Hon. F. S. Miller: I do not have any answers when they go under.

Mr. Peterson: You have answers for the car dealers. What about farm implement dealers? What about Admiral dealers? I know a lot of guys who are bleeding because they got screwed, frankly, by Admiral buying stuff for cash a week before they went under. A lot of that stuff is sitting around. People are not buying Admiral appliances. Why do you not give them a seven per cent rebate on Admiral appliances made here in Ontario?

Hon. F. S. Miller: We have some statistics and I do not know when I should give them to you. You are talking about how quickly we are being deindustrialized, and one of the things that the opposition keeps on saying is that manufacturing employment is declining in Ontario. In the decade of the 1970s, we had about 160,000 new manufacturing jobs in Ontario. In the first 10 months of 1981, this year, we had 34,000 created above the year earlier.

Mr. Wildman: And how many layoffs?

Hon. F. S. Miller: That is the net. The last month or so has given us trouble. I am just saying we were coming along better than most critics claimed we were. We have, in our opinion, a very diversified economy; that, of course, is what has saved us many times.

I have taken enough time on the sales tax and cars and interest rates.

You went through my BILD document and this piece of paper that you had reading back: "Do not know; not available; do not know," et cetera, implying that because BILD did not state that it would create so many jobs or that we can not immediately identify jobs or did not immediately identify jobs, it is a failure.

Mr. Wildman: No. I was just wondering what on earth it meant in terms of employment, and I can not get that information.

Hon. F. S. Miller: First of all, do not forget BILD was, in the main, providing infrastructure that would create jobs. Secondly, I could have done what many politicians would do—just come out and have said this is the number of jobs BILD will create over the five-year period, then sat back and let you all hassle about whether 200,000 was right or wrong and who would have known?

In other words, we would have to wait five years to prove whether I was right or wrong. I would not have known. We only argue that certain steps had to be taken to create the assistance necessary to permit expansion of microtechnology, to help Ontario's parts producers become more technologically competitive, to assist our biotechnology industry through the project we got into, to help our plants like Domtar procure forest products in Ontario instead of the United States.

Certainly if we are planting trees down around Cornwall, we are creating jobs now. I did not quantify them; I think it is a bit of a mug's game to be quantifying them. Our purpose was to set a strategy within which industry could thrive. If you really want me to put down figures which we can only determine in retrospect five years from now when some other Treasurer is sitting here, I could have done it. The temptation is real but it would not have created any jobs to have done that and maybe have caused a bit of obfuscation in the process of it.

Mr. Wildman: I would not want you to do that. But it is interesting that in some of the projects they did give us projected job figures, on a very small number. On most of them, they did not.

Hon. F. S. Miller: There are probably some of them on which we could yet. For example, if you came to me and said, "What about the Bruce nuclear plant and the \$10 million being invested in bringing the steam pipe to the border?" I could probably have counted the number of people it would take to lay a pipe in the ground and said 45 men will work for one year laying pipe.

At the same time, our real reason for putting it in was to get a source of low-cost energy available to attract some industries. Do we have any? Yes. We have some industries currently negotiating to go there. We are trying to find out exactly what their price of steam will be so that they can make their economic analyses. One of them, for example—I have the figures here somewhere—would have 250 in that one company.

Interjection.

Hon. F. S. Miller: Yes. I know. I have the note here somewhere. In any case, it was quite a few. It is by no means a guaranteed job yet. No decision has been made yet. For me to tell you I know we are going to get those jobs would not be accurate. But at least we have good reason to believe they will be if we have that low-cost steam there.

Mr. Wildman: I am trying to understand the process. When a decision is made on whether or not to accept the proposal from the private sector, for instance, for the Board of Industrial Leadership and Development assistance, when the committee meets and makes a decision, surely one of the things they take into account—at least I would hope—is the projected jobs, whether it be in spinoff, as you are suggesting, or directly. If that is taken into account when decisions are made on whether or not to invest, surely those figures then could be available. Nobody is saying we are accepting that they be projected jobs.

Hon. F. S. Miller: Let me guarantee that as we get those firmed up—there it is in front of me.

I want to be encouraging my staff to talk as much as possible because you will get more accurate figures from them than from me.

Mr. Tully: Mr. Chairman, the Acres study, for example, of the energy centre is looking at something in the order of 2,100 permanent jobs in place at the peak of construction. At the site, it will be somewhere in the order of 1,200 jobs. That is the kind of study that lies behind many of the BILD projects, and that kind of number is

certainly available. It may not have been available from the people the member spoke to but—

Mr. Wildman: We talked to the so-called PR flacks in each ministry, the people who are supposed to be able to give out information to the media when they ask for information. Obviously, they had not been given the information. I am not complaining about that. I would like to obtain information like you just gave before projects are discussed by the Treasurer in the House so that we, as members of the Legislature, will be able to make some knowledgeable assessments of the amount that is being invested per job, in terms of direct or spinoff jobs, so that we can make some kind of reasonable decisions as to whether BILD is doing what the government intended it to do or says it is doing.

If the information is available, far be it for me to try to give an incorrect or biased view of BILD. I am just asking for the information to be given to me so that if the government wishes it can be looked at in the best light possible.

Mr. Tully: As the Treasurer says, many of these projects are infrastructure projects. Commitments from the private sector are not there when the infrastructure is going in, but there are a number of studies behind most of these projects which indicate that employment will follow. Certainly, in relation to the question you put to the Treasurer in the House, we are attempting to put that information together for you collectively. But you have to realize a lot of that is projections and estimates, as opposed to, the way you phrased your question, commitments from the private sector early on in the game. We are attempting to put together those projections of the employment we would anticipate being associated with any of those.

3:50 p.m.

Some of the projects do not involve direct job implications. The training in business and industry program is a job training program, and currently there are something in the order of 12,000 students under training from the \$3 million that has been allocated to that program. How you put direct jobs in relation to a training program I am not quite sure, but it means a lot of people are being trained and potentially will be available for jobs in the future.

Mr. Wildman: I look forward with anticipation to the answer to the question on the last day of the session, if we happen to close that day. I hope we can get it, because obviously I think

you would look, in terms of spinoff at least, into the number of jobs that might accrue from the investment of taxpayers' dollars. That is all I am looking for. I accept the fact that in many cases they will be projected jobs. I am not arguing with that. We make job projections. We may not meet them, or we may exceed them. Who knows?

Hon. F. S. Miller: I guess I was being unusual for a politician in the sense that had I gone forward and made a lot of estimates of jobs to be created they would have made headlines and we would have seemed to have had firm objectives, which would have been, at the best, a guesstimate in total.

What we try to do is take steps to put in place, almost like the infrastructure of an industrial park, the prerequisites to industrial growth and the encouragement in certain directions of growth, be they training in business and industry, be they improvements in energy supply through more utilization of electricity, be they recreation of hybrid poplar stands or encouragement of mining exploration for nonferrous minerals, such as nonmetallic minerals, as announced yesterday by the Minister of Natural Resources (Mr. Pope).

All of these are much more difficult to turn into potential jobs than, say, a grant to Ford or a grant to Volkswagen, where as part and parcel of a specific investment decision we have had projections given to us of the numbers of jobs to be made. In those days we could not be accurate, but we were at least able to make a projection that was reasonable in that forecast. I think that is why it is not quite as easy to do as it had been under the employment development fund.

Mr. Wildman: I just remind you that in my question in the House, just to clarify the record, Mr. Chairman, I did not ask for jobs committed. The question simply was the number of jobs developed and projected as a result of the BILD projects now on stream. I am accepting the fact that this is a projection.

Hon. F. S. Miller: We went from your discussion of BILD to your next comment that we really had no short-term help at all. Again, that is fundamentally where you and I would differ in government's approach to sustaining employment. We have argued with the federal government that these downturns, where large numbers of people are temporarily or long-term unemployed, should be used to train people and get them ready for new skills and opportunities.

I think we will continue to make that kind of argument. We think it is a better use of the benefits paid to sustain people while they are out of work than simply giving them money to stay at home.

But we have great trouble saying to Massey Ferguson, "Please keep making combines" when the whole market for combines is soft, or to a pulp mill, "Please produce pulp regardless of market," or to Inco, "Please produce nickel." You recall that was one of the big arguments when Inco was in trouble a few years back—"Why do you not keep on stockpiling it?" We had some pretty sad experiences from other countries when that happened.

Again, when I became Minister of Natural Resources, you may recall the price for market pulp was at an all-time low, less than \$300 a ton. The Chinese were buying large quantities of market pulp from the Scandinavians because they had kept on with this principle of producing regardless of demand, had acquired large inventories, had depressed the total world market below production costs and then started dumping. That so often is the inevitable result. I guess for years Inco had tried to have some production rates in excess of demand during certain years and below demand in other years, to have something like a mean, but that was still a very rough estimate and often subject to wide variation as demand changed. So I do not know how to create jobs on production lines if there is no consumption of the product in that line, and I caution against programs that do that.

Mr. Wildman: But if the main problem is, as you say, interest rates and if something were done at least on a short-term basis about interest rates in this province, that might indeed increase demand. I am not suggesting moving towards tremendously higher inventories being maintained by the producers.

Hon. F. S. Miller: Unfortunately in the last months, if our statistics are right, there has been great inventory accumulation anyway that many producers have kept on. At the wholesale level for lumber and the manufacturers' level, for instance, there has been inventory accumulation.

You asked me a question about bridging equity at one point. You asked me what that meant and whether it implied we would be in or out. I do not know whether we will be in or out, but it leaves us open for what would be my favourite route, which is out.

Mr. Wildman: That is what I figured.

Hon. F. S. Miller: Sure. Again I simply say our purpose in going into equity instead of into a loan was to give assistance, particularly to a fledgling company, in a form that did not show as a debt on the balance sheet, when there would be no earnings to pay off that debt and when that company may have to have access to lenders who want a relatively good debt-to-equity ratio on the company's books.

By the very nature of some of these high-tech businesses, there will be great risks and, therefore, we have elected to go the route of equity as one of our chosen routes. We may not withdraw as they become profitable, but I would think that, if our purpose is to create jobs through helping companies get started, most times it is wise to reinvest it with somebody else who is also risky once the patient is on the mend.

Mr. Wildman: So privatize the risk, privatize the cost. Or make public the cost and privatize the profits.

Hon. F. S. Miller: I think I get my share of the profits of any company in this country through the tax system and through the people who work for it. I am quite satisfied to have those as the rewards for government rather than my continuing ownership of equity shares, in the main.

Mr. Wildman: That relates to what I said about tax expenditures.

Mr. Peterson: That brings us back to Suncor.

Mr. Wildman: Is this bridging equity in Suncor that you are looking at?

Hon. F. S. Miller: Maybe. There were strategic goals there that we talked about earlier, as opposed to the creation of a company, and they are quite different cases.

Mr. Peterson: The illogical inconsistency does not bother you in the least?

Hon. F. S. Miller: Illogic is in the mind of the beholder.

Mr. Peterson: That is clearly your view of logic and I agree with you, but there are certain—

Mr. Wildman: What is the cost of creating a sidcar company?

Hon. F. S. Miller: I cannot answer that. I think that kind of question is going to have to be posed to the Minister of Energy (Mr. Welch), to whom the Ontario Energy Corporation reports.

You talked about the Foreign Investment Review Agency. You made, I would say, almost Pavlovian comments about branch plants.

Mr. Wildman: You have a branch-plant philosophy. You are following Reagan all the way. You want him to solve all your problems.

Hon. F. S. Miller: My friend, let's go and talk to some of those guys who want a job right now. Are they going to ask you or me whether the company is Canadian-owned? I am as great a nationalist as you are, funnily enough. I would urge my Canadian friends to buy equity in Canadian companies. I would urge them to buy shares in companies that are not Canadian but function here, to get our share of ownership in them.

I recognize certain kinds of industries cannot be simply national companies. General Motors would be a good example. But if the world market of GM is five per cent in Canada and we have five per cent of the shares of GM in Canada, I would argue we probably got our share of the profits back here. Let us encourage Canadians to purchase equity in those companies that function here. Let us encourage the ownership of Canadian companies. But there are those, by the way, who said that FIRA indirectly was the cause of Admiral's trouble. Have you heard that?

Mr. Peterson: Why was that?

4 p.m.

Hon. F. S. Miller: Because a number of the potential buyers of Admiral at the time were American and would not pass the scrutiny of FIRA. The encouragement of a Canadian purchaser ended up with the particular buyer you got. I do not know how true that is, but it is very credible.

Mr. Peterson: The ultimate irony in that case is that had that company still been owned by Rockwell International in the United States it would probably still be in existence.

Hon. F. S. Miller: That was exactly the point I was trying to make.

Mr. Peterson: I said that in the House. Their problem was that Rockwell US was sitting with that company with \$35 million in the treasury. They wanted to get their hands on it. I am told they were in trouble in the United States, they could not dividend the money out because of withholding taxes, and the only way to get that money out was to arrange for a friendly purchaser to do a—

Hon. F. S. Miller: That is where FIRA came in, I understood.

Mr. Peterson: I have heard those rumblings. I cannot prove that, but do not hang that one on me.

Hon. F. S. Miller: No, I am not hanging it on

you. We are talking about FIRA now. I am using an example of a company that has gone broke; for good or bad reasons, only time will tell.

Mr. Peterson: Terrible reasons.

Hon. F. S. Miller: All right. The fact is, it was owned by a Canadian set of shareholders. I am told it is likely they were encouraged to buy it, and others who may have kept it surviving on the American side were not eligible. Sometimes our policies can be self-defeating.

Mr. Peterson: You have access to the FIRA stuff. We do not. That is not public.

Hon. F. S. Miller: I am reporting rumour now and I want to stress that. It is a credible rumour.

Mr. Peterson: Doesn't the Ministry of Industry and Tourism get to comment on any FIRA application?

Hon. F. S. Miller: Oh, yes, sure it does and it approves 95 per cent of them.

Mr. Peterson: You could check that out and report back to the committee next week.

Hon. F. S. Miller: To get on to tax expenditures, I cannot offer much more than we have already said on them. You have always assumed, and certainly Mr. MacEachen did in his budget, that the words "tax expenditure" or very often the word "loophole"—

Mr. Wildman: I did not use that.

Hon. F. S. Miller: No, he did.

Mr. Peterson: In fairness, they are only called loopholes when they close them. They are incentives when they open them up.

Hon. F. S. Miller: That is what I am trying to point out. The word "loophole" has a connotation that makes one think of something slightly immoral. Yet most loopholes were designed as incentives and most tax expenditures were designed as incentives. If they are designed as incentives, the question is whether the net improvement in the economy created by the incentive is worth the loss of direct revenue to the province or the federal government. That is not always a subjective decision, but very often it is. In looking through our tax expenditures, that is one of the tests we are trying to make.

I listened to Mr. Parizeau give a fascinating argument in Halifax last week. It was reported in the press. His words were: "The new equalization system is such that Quebec will now invest in Ontario. If we invest \$100 million in Ontario, Ontario's economy will improve. If Ontario's economy improves, the transfer payments to Quebec will go up." He quantified it.

He said, "This is the number of dollars coming to Quebec if that happens"—for argument's sake, let us say it was \$16 million; it was not that.

He said: "Now let us take that \$100 million and invest it in Quebec. If the industry succeeds as well in Quebec as it did in Ontario, Quebec's revenues will go up, so it will lose equalization. The direct revenues from that to Quebec will be X dollars, the loss of equalization will be Y dollars, Y will exceed X, therefore, there is a net reduction of the flow of money to the Treasury of Quebec. Therefore, we should invest in provinces other than Quebec, specifically in Ontario."

That was the sum and substance of his argument. I sat there listening to it, because he is such an entertaining character. Until you think through it all, he almost has you in a trance. His flow is so fascinating and he sounds credible. Somebody said he was like a teddy bear recently. But then I sat back and thought: "What is the real purpose of a government? Is it to maximize its revenue or is it to help employment and opportunities for people in its province?"

Mr. Wildman: It is also to provide good services for people and to pay for them.

Hon. F. S. Miller: Surely when we try to improve the economy of the province our first thought is about the human beings who directly participate in it. Our second thought should be, what are the revenue flows on a net basis to me, as a government?

I would have to use that same argument with tax expenditures. There are days that the net change to the Treasury may be downward through a tax expenditure but the net improvement to the quality of life and income of our residents is positive. I would have to argue, given that set of conditions, my job is to help the individual, not my own source of revenue.

We just lost the press; so we can go back to talking normally.

Mr. Peterson: You drove them out.

Hon. F. S. Miller: We have talked about Suncor.

Mr. Peterson: No, we have not.

Mr. Sheppard: Mr. Chairman, can I ask a question out of order, in case I slip out and you get talking about it and I am not here? I would like to ask the minister whether he is going to reconsider the tax for the tourism operators. The reason I ask, Mr. Minister, is that I live on the south shore of Rice Lake, and there are all kinds of tourism operators there. I am getting

letters and telephone calls from them, wanting to know whether the minister is going to leave that seven per cent sales tax off.

Hon. F. S. Miller: I made a statement a year ago to the effect that it was going back on December 31.

Mr. Sheppard: Yes, but they were just wondering whether you would consider leaving it off?

Mr. McKessock: You also made the statement that it was going to be exempt for another year.

Hon. F. S. Miller: The year ends December 31.

Mr. McKessock: Yes. But before that you made a statement, a year prior to that, that it would be extended for another year.

Hon. F. S. Miller: I have not changed my statement.

Mr. McKessock: They are looking, like the car dealers, wondering whether you are going to extend it for another year.

Hon. F. S. Miller: Yes, I happen to be one. I have three of them.

Mr. McKessock: Good. You should know that business very well, too, and you should know that it should be extended for another year in this time of economic problems.

Hon. F. S. Miller: No, it is not going to be.

Mr. Sheppard: They want you to have another look at it.

Hon. F. S. Miller: I know they do.

Mr. Sheppard: Reconsider your decision.

Hon. F. S. Miller: I had some interesting meetings with the hotel association last week where they made some proposals about a totally restructured sales tax for that part of the hospitality industry; I will be going into the pre-budget discussions, and their kinds of thoughts are worth looking at. They are ones that will take us several weeks to examine.

I would also like to have the reaction of the other components of the hospitality industry, because it involves adding some taxes as well as reducing some taxes. I think we have to assess whether the taxes they are blissfully adding to people who are not in their industry compensate for the ones we reduce within theirs. I think we have to look at that a little more carefully.

I want to say one more thing on the Foreign Investment Review Agency, which is that FIRA had one effect in the United States that I am very nervous about. That, plus our aggressive

investment policy in the United States, has made a very hostile American environment towards Canadian businessmen right now.

I wonder if we Canadians are not unaware of that real anger and that real hostility in the United States on the part of both the US and even foreign investors who, I think, are in a position to retaliate and damage the Canadian economy. You have seen a lot of that in the press lately, and I think we have to be concerned about that. That is not necessarily based on fact; it is based upon perception, and the perception has been that we are very tough on them.

I would argue that FIRA's real problem has been one of perception, not of fact.

Mr. Wildman: Why do you not say that to them instead of feeding that perception by making the kinds of comments you have made about FIRA?

Hon. F. S. Miller: I think I was feeding exactly what I wanted to. I wanted to deal with the fact that Ontario was working hard to attract foreign investment, and we are.

You talk about providing low-interest money through the Province of Ontario Savings Office or credit unions. I said in the House in response to that one day that, first, POSO does not lend money, as it stands right now, but what difference does it make who lends it?

Your real purpose was to have low-interest money. I really do not think the credit unions are anxious to be in that business. They have certain problems of their own right now. If they did give the money at low interest rates, they would have to get some assistance from us. No matter who does it, the lender has to be compensated for the difference; so it can be as efficiently done through any lending technique you elect, as a matter of policy, to subsidize. That is all.

So the question is not, "Should POSO do it or should credit unions do it?" It should be, "Should we be subsidizing it?" That gets to the point of how can we afford to subsidize almost everybody in society, because almost everybody in society is affected. Really, they are.

Established programs financing was the last one you talked about. You said the feds were doing to me what I was doing to the municipalities.

Mr. Wildman: I suggested that might be an interpretation.

Hon. F. S. Miller: Yes. I don't think that is quite fair, although I would never deny that we

don't at times transfer burdens. We transfer burdens on the basis of one of two tests. First, what are the tax-raising capabilities of us versus the municipalities? Second, will a reduction in a provincial transfer save taxpayers money in the long run? The latter is the more important test.

4:10 p.m.

We have taken a number of steps with the municipalities, particularly on shared-cost programs such as roads which result in fewer dollars being spent by municipalities, unless they really feel they want to use 100-cent dollars. I argue that is in the interests of taxpayers, because you lower the sum total of the provincial and municipal burden on them.

Mr. Wildman: Unless they use the 100-cent dollars.

Hon. F. S. Miller: Unless they use the 100-cent dollars, in which they have elected at the local level to say that need is so great that they will do it. I find municipalities seldom do it.

What did the feds do? I think we would all agree—all 10 provinces certainly did, of all political stripes present—that the feds welshed on a deal. Revenue guarantees are and were a part of the established programs financing package; so the health care and post-secondary programs don't have any room for those major cuts.

Therefore, you are only transferring the tax load from one to the other. That was the sum and substance of our argument, united, including Quebec, to the federal government. We may disagree on some things, but I hope we can agree on that one. Without doubt, losing \$250 million of revenue guarantee per year cannot help but affect our ability to spend money on any program but specifically those for which it was aimed.

Mr. McGuigan: You did not apply those two tests to the senior citizens' grant. In total, it costs the taxpayers more money because of the extra administration costs.

Hon. F. S. Miller: That is true, but one of the problems we are having with the harmonized tax system in Ottawa is that they do not really want to go along with all the moves we see are necessary. We moved away from a tax credit to a grant. Fundamentally, it was not a part of the tax system any more. It was removed from the tax system and put on to a direct cheque basis.

Mr. McKessock: Why didn't you put in on the guaranteed annual income system, which was already in place?

Hon. F. S. Miller: We did put an increase on Gains, and you know it.

Mr. McKessock: But instead of the \$500 cheque and the \$50 sales tax—

Hon. F. S. Miller: Because many people don't get Gains. I have to argue with some vehemence—

Mr. McKessock: But they are the ones who need it.

Hon. F. S. Miller: Damn it all, I am sick and tired of just having a needs test for money—

Mr. McKessock: You don't need a means test—

Hon. F. S. Miller: I would argue that a lot of people in your riding saved all their lives, and they are bloody sick and tired of people who didn't save a penny all their lives getting so much help from the government when they retire—

Mr. McKessock: They are also tired of these piddly little cheques they get. They come in and throw them on my desk and ask me what to do with them.

Hon. F. S. Miller: I make no apologies for that.

Mr. McKessock: They bring in two or three cheques, throw them on the desks, and say: "What do we do with these cheques? Is it okay to cash them?" A \$50 cheque here and another Gains cheque and—

Hon. F. S. Miller: I have never had anybody come and throw a cheque on my desk and ask me if it was all right to cash them. In my riding, they usually cash them and ask later.

Mr. McGuigan: I have some wealthy elderly people coming in and saying, "I don't need it."

Mr. McKessock: That is right. So do I.

Hon. F. S. Miller: I suppose that accounts for why some of them vote Liberal.

I had another point on EPF, but it is lost on me right now.

Mr. Wildman: I asked you about the fact that the feds' argument that some provinces have been underspending—that is, they haven't been paying their share—has led MacEachen to threaten that the federal government will lower its payments.

Hon. F. S. Miller: MacEachen doesn't really make that threat. The person who makes that threat is Madame Bégin.

Mr. Wildman: Haven't you laid yourself open to that kind of thing? You mentioned, for instance, that Hall had concluded the provinces hadn't been transferring money intended for health care to other services. That is fine, but have you been spending at the levels, maintaining your percentage levels, that you had when the program first came into effect?

Hon. F. S. Miller: First of all, I would go back and look at all the quotes from Lalonde and Trudeau—and they are there; we can give them to you—where they clearly say there is no requirement that there should be any fixed percentage in the future. In fact, they were hoping and designing the system so that we would not get as much help from them if their predictions were right. The only reason for them being out of health insurance and diagnostic services was that they thought it was going faster than their willingness to pay.

It is interesting. Let me go back over the history. I may not have my years right, but I think it was 1972 when revenue guarantees were put in place. Revenue guarantees, I think, in their first year were something in the range of \$26 million. The expert, Jill Logan, will tell me if I am right. They grew to about \$1 billion in 1976, when the feds said: "Okay, we are going to change the whole system. We are going to give you tax points and dollars."

I recall those discussions. We wanted tax points. The feds said: "Hey, potential for growth in tax points is so great that you have to take some dollars escalated by a three-year moving average of the gross national product," or some such variation of it. After a lot of negotiation, that is what we ended up with. They believed they had pulled one over us.

First, they were wrong in 1972 when they estimated that the revenue guarantee would disappear by 1976. It grew. They were wrong in 1976 when they told us that the tax points would grow faster than the cash part of the established programs financing. They were totally wrong in their figures in the budget and had to admit it before the health tax conference started, and were deeply embarrassed.

We have to say that they simply do not have the credibility at this point to tell us that they are right in their projections for the future revenue flows.

One other principle, and this is the one I was going to get to, is that when they indexed personal income tax, they naturally eroded provincial income. There was no great move to protect us. This time around, when they saw

their tax moves in the budget would improve provincial income, they said: "Well, we will compensate for that by reducing your payments, because we have helped your revenue." All 10 provinces say, "Baloney."

Mr. McKessock: So how does that equal out?

Hon. F. S. Miller: It does not. It is just totally contradictory.

Mr. McKessock: They say they added it in one place and took it off in another.

Hon. F. S. Miller: Well, my tax regime is my tax regime; that is the whole purpose of it all. I have certain taxing powers given to us under the constitution which provinces can vary. Our sales tax is seven per cent; Newfoundland's is 11 per cent. We charge so much on a case of beer, and the fellows discovered Nova Scotia charges more. We all have those nominal rates that vary to meet local needs.

When they assumed that I would not have reduced my rates, because I had more transfers from the feds, they were crazy. In other words, they just told me that I have not got that right any more to adjust my figures to match theirs. To us, that was unacceptable at the provincial level, because they are intruding into our domain; taking credit for something that they have done that improved our revenues and saying: "We will take it off at source."

Mr. Chairman: I guess the thing now is to move into votes.

Mr. Kells: Bad timing.

Mr. Chairman: We could stick it out until six o'clock.

Mr. McKessock: Do we go until five o'clock?

Mr. Chairman: No, six tonight. We have to go until six. We have to do this in two days.

Hon. F. S. Miller: We could have the drinks brought up here.

On vote 901, ministry administration program:

Mr. Chairman: The first vote is 901, and I think what we will do is sort of stick to specific items. We will allow the latitude of wandering around within that general area.

Mr. McGuigan: Mr. Chairman, I was quite interested in the earlier remarks that the Treasurer made about whether the monitoring system was being effective in reducing inflation. I think you believe as I do, that it is not very effective. We have so many in-built systems on the part of labour, management, pensioners and all sorts of people that it simply does not work.

4:20 p.m.

One would think with so many people being thrown out of work right now that we would start to see some lower prices. We really do not see many lower prices except for the retailer who may try to get his stuff out before Christmas because he does not want to carry it until next year. But in basic wholesale prices, we are not seeing much reduction.

The tendency today seems to be to say: "We will close down. We won't go on manufacturing. We will close the thing down." Therefore, coming into the political field, it soon comes around to an election. They will have one in the United States in November of this coming year. There will be the mid-term election, and it is fairly certain that a lot of those Republicans will not get back.

The message will be clear that they have to start pumping money back into the system. We could go back to an inflationary system again, which a lot of people agree is part of a growth system, that one cannot have a capitalistic growth system unless one has a bit of inflation with it.

There is another theory of how one combats inflation; that is with big technical breakthroughs. They do not bring prices down 10 per cent such as taking seven per cent off the price of cars. They are breakthroughs that knock prices down eight or 10 times. I will give you some examples. I will just quote here from an article:

"A technology such as these is deflationary as well. A 10 per cent reduction in prices would be regarded as significant for most people, but the magnitude of price reductions we are talking about is not 10 per cent but 10 times. Thus, the price of steel rails fell from \$167 per ton in 1867 to \$17 per ton in 1897, a cost reduction of nine times, and the quality improved. Common news, as newsprint was then called, sold for 20 to 22 cents a pound in 1865 and somewhat over two cents in 1895, a price reduction of nine times again."

We have case after case of major technical changes that bring about lower costs of production, rather than this bashing process we seem to be using to try to bash it down through the monetary system. It is not working.

Another example they give is that when they first put in the trans-Atlantic cable, one got frequent passage of information between the continents. Prior to that time, our economies were all based on speculation. The importers on this side of the Atlantic would bring goods over once a year in the shipping season and take a gamble on how they sold. Once we got the

trans-Atlantic cable in effect, a commodity market developed. There was information for exchange. One got hedging, arbitrage and all those sorts of things that affect the economic system. That leads me to the major course I think this province should be taking; that is, getting us into new technology, not old technology.

They give the example of the railway as being one of the great engines of new advances. Yet it was not necessarily the railways themselves that profited from that, because the people who invested in railways lost their shirts years after the beginning of the railways. But the railways themselves brought about movement and transport of goods and opened up the country and so on.

I am suggesting that by going into the oil business you are going to need an old technology, a technology of depletion. A good many experts claim that in 10 to 20 years the world will not have enough oil to meet the demand.

Taking all of our reserves today, and even counting the reserves that we may bring on stream by way of frontier development in James Bay, the Beaufort Sea, Hibernia and so on, these are going to be so long in coming into production and so costly that they are not going to be the salvation.

What could be the salvation is new technology. It surprises me that a couple of years ago, when we were criticizing the money you had in Hydro in the extra production available, 40 per cent or so of production, you were saying at the time: "Is it not great that in an energy-short world we have these reserves of power? Why don't we use them?"

Yet when you came to an opportunity to invest money in the energy business, instead of investing it in hydrogen research and methods of using that extra hydroelectric power we have, you chose to put it in what I think is an old technology and an area that the private sector was pretty well looking after anyway. Certainly, a lot of money is being directed to that area. Also, one takes other considerations rather than a straight economic situation.

It seems to me you failed to do that and you have not really addressed these problems. I gather from your remarks that you have a great deal of faith yourself that the monitor system of trying to regulate society through economics by bashing it occasionally does not work. I believe you have some understanding and faith in the

other system. I wonder why you did not really put that into practice rather than going the route you have taken.

Mr. Chairman: I do not know whether that really falls under the administration vote.

Mr. Wildman: It is analysis and planning.

Mr. Chairman: Is that what it is?

Mr. McGuigan: That is a wide-ranging area.

Mr. Chairman: I will accept it if the minister will.

Hon. F. S. Miller: I am here until 6 p.m. or whatever on December 9.

You have made it an either/or statement. I thought I said earlier that the investment in Suncor in no way takes away from the money the Ministry of Energy was allocated for work on other fuels and in no way takes away from the money that the Board of Industrial Leadership and Development has for the development of new technologies. BILD in particular is supporting four, maybe even five, high-technology centres, plus there is the IDEA Corporation, all aimed at putting our money into new forms of technology and productivity improvements.

If you ask me, in the specific case of Suncor, did we invest our money in an old technology? Putting aside all the other arguments on Suncor, I would have to say that some of the more exciting variations on oil technology have been pioneered by Suncor, because it owns the Great Canadian Oil Sands plant, or they took over GCOS, I guess, when they created the company called Suncor.

Mr. McGuigan: They only get seven per cent of the oil out of the sands.

Hon. F. S. Miller: Just a second. The fact remains that there is enough oil in the oil sands to equal many times all the oil in the Middle East. The question was to get a technology that extracted it economically and made use of a resource hitherto unusable. It has been recognized to be there for many years. It was not until recently economically possible to separate the sands from the oil. The reason obviously is that one could buy a barrel of oil in the pre-1974 days for about \$1.95 f.o.b. Toronto from Venezuela. It was hard. One could hardly pump it from Alberta to Toronto for \$1.95.

The thing Albertans conveniently forgot was that Ontario or Canada had a policy for many years to pay the westerners double the world price for oil so that they could survive. They

forgot all about that when the world price passed the Canadian price. But leave that aside. That is a fact. You know that.

4:30 p.m.

Mr. McGuigan: You forgot about the beans we shipped back in the 1930s.

Hon. F. S. Miller: They were returning them in the form of natural gas.

The technology in that field has to undergo considerable variations. For example, when oil wells were first discovered like the ones in the Middle East, all one did was find a well, drop the pipe and let gravity work. Sometimes it was not even gravity; if there was enough pressure, one had a wildcat and she blew.

Today, one has fascinating variations on that technology to get enriched yields out of wells that long ago gave up flowing naturally. It is done through water under pressure forcing oil towards the well. It is done by compressing natural gas and putting it down, because oil is soluble in natural gas. It comes through a little better.

We are getting these low yields up, as you know. Above all, we are at the beginning of understanding the efficient separation of sand and oil. It is a company that has pioneered and is probably in as good a position as any to continue to pioneer with improved techniques.

I go back to my engineering background. Twenty years from now, a synthetic oil plant may look, to your eyes and mine, like today's synthetic oil plant and yet it may have tremendously increased efficiency of recovery, because traditionally engineers do things on an incremental basis rather than with a sweeping change.

Mr. McGuigan: The base is so damned low at seven per cent.

Hon. F. S. Miller: I do not know what the percentages are. I am not going to get into a game I cannot discuss. I would use a pulp and paper mill as a better example. If you went through Ontario's pulp and paper mills and I suddenly whisked you down to Mississippi or Louisiana where the Americans had the great benefit of not building their mills until many years after we built ours, they look very much the same.

There are digesters, pipes and water supplies, the whole bit. The paper rolls out of the machine at the other end and it looks like ours, except they are going twice as fast. They are wider; they have about one sixth the man-hours

per ton of product we have in our mills. One realizes that 25 years of technology has materially changed the efficiency of production.

That will be true, I am satisfied, of synthetic oil extraction. One will see progressively important improvements in productivity and efficiency of extraction which will continue to make these plants more efficient. Possibly there will be totally new developments. I argue that is exciting.

The overall economy of Ontario heavily depends upon a continuing supply of liquid petroleum products, no matter how successful we are with all the other supplementary forms of energy, because some uses simply need petroleum. The petrochemical industry, for example, where we make much more valuable products out of oil than gasoline, will depend upon that source.

As a young engineer, I used to cry at the thought of burning gasoline when polyethylene and you name it could be made out of it, because they were much higher in value and there was no substitute for the feedstock.

Mr. McGuigan: The King of Saudi Arabia said it should not be burnt under any circumstance.

Hon. F. S. Miller: He is still blowing natural gas into the air.

Mr. Brandt: He flares it off.

Mr. McGuigan: Eight million barrels a day.

Hon. F. S. Miller: I am just saying those things as a matter of passing. Because we have been in the oil industry for a long time does not make it an old technology. I would argue that Great Canadian Oil Sands was new technology and it was at the very beginning of new technology. My expert from Sarnia would be able to answer that in more detail.

Mr. McGuigan: He is not listening.

Hon. F. S. Miller: He is giving me the attention I deserve.

Mr. Brandt: I was making a comment to my colleague here.

Mr. Chairman: That was probably by way of clarification.

Mr. McGuigan: Are you telling us Suncor is going to do things other oil companies will not or cannot do?

Hon. F. S. Miller: I cannot say that they are going to do things that Imperial Oil would not do with Cold Lake or that Syncrude will not do with its plant. I am going to say that, within the industry, technological change will occur and

that it is not a static, old-technology industry; it is a brand-new technology, although the unit operations are mostly removed, standard with other chemical industries.

They are going to improve their efficiencies, and I would argue that you will see great improvements and eventually expansions, probably with new plants incorporating those new technologies. If Suncor remains a leader in that kind of field, as it has been, you will see them expand with the pack.

Mr. Brandt: Mr. Treasurer, with the proposed cost of any plants that would perform essentially the same function as the Syncrude operation, there is no question that Syncrude, which was spearheaded by Suncor, has proven to be a viable economic proposition, based on the national energy program, with which I can take some disagreement. But those are the rules under which we all have to play, based on the price of oil, which none of us likes but which is a fact of life.

Given all those situations, and taking them into account, the fact of the matter is that particular plant cannot be replaced today, using the technology that was dealt with, for the same price. So it is going to be costlier, and there is going to be a much larger capital expenditure in the future even to replace the same kind of production that is available today under Syncrude.

I think you could argue with some justification that this was a good move, one that was properly done and is contributing significantly to—

Mr. McGuigan: I like the argument that any piece of real estate or engineering in the country could not be replaced for its selling price. I think all these skyscrapers around here could not—

Hon. F. S. Miller: Well, no that is not quite true, Jim. I could show you companies whose shares sell at more than the asset value.

Mr. McGuigan: I will bet there is more on the other side.

Hon. F. S. Miller: Currently, you are right. That is why you are seeing a lot of takeovers. Currently, in many cases, it is cheaper to buy the shares of a competitor than it is to invest in a new facility.

Mr. McKessock: Therefore, there is a splurge in takeovers.

I have a supplementary question to my colleague's original question, which was, why did you not spend your money in new technology in different areas? You said that it did not take away from the money you were going to spend on alternative sources of energy but, even if it did

not take away from what you intended to spend, there is \$650 million you could have spent on something else.

I get back to the point that we mentioned briefly, earlier: the development of a system to produce fuel alcohol, whereas we have thousands of acres of farm land that are not being used and we have thousands of acres that are going out of production every year, forever. Even if we do not need that land for food right now, if we were using it to produce crops, to produce fuel alcohol or whatever, it would hold us until the time we will need it for food, some time down the road. But if we do not do something with that land now, a lot of it will disappear.

Hon. F. S. Miller: What is it going to become up your way?

Mr. McKessock: I am not just talking about up our way; I am talking about all over Ontario. But it is becoming a tourist area; some of it is just lying idle. I am also talking about the huge amount of land that your government bought at Pickering and at Cayuga. The Minister of Agriculture and Food (Mr. Henderson) keeps talking about unused land up north that we can drain and produce with and, therefore, we are not concerned about what we are building houses on, close to the big cities, but I think we should be concerned with that land.

Hon. F. S. Miller: I do not know what you think we have to do. Economics dictates that rather than experimentation.

Mr. McKessock: Are you certain that economics do that?

Hon. F. S. Miller: You tell me what system governs the world. I can talk you into spending twice as much for a product as you can pay for something else that does as good a job. Be my guest. I have needed a customer like you for a long time.

Mr. McKessock: It is not as economical to build in rough land but we should be telling our industries, through zoning bylaws, that they cannot build on this choice land around the city—

Mr. Wildman: You do not like the Niagara Escarpment?

4:40 p.m.

Mr. McKessock: Pardon?

Mr. Wildman: You are not very consistent.

Mr. McKessock: In the Niagara Escarpment

areas you can build your plants, and it is not going to interfere with the production of farm crops.

Mr. Wildman: You do not like zoning?

Mr. McKessock: I do like zoning. That's the way we should be controlled, through zoning, not through the Niagara Escarpment Planning and Development Act.

Hon. F. S. Miller: Which does what? Surely it zones land.

Mr. McKessock: Yes, but we should be controlled under planning boards and zoning bylaws—

Hon. F. S. Miller: Much though I would like somebody in your riding to read this—

Mr. McKessock: I wish they would.

Hon. F. S. Miller: —I think before we go much further we should let you check that.

Mr. McKessock: Let me clarify that. In the Niagara Escarpment area we are controlled by a separate act of the Legislature. We would like to be controlled under planning boards and zoning bylaws the same as everybody else in this province.

Hon. F. S. Miller: You know the plan is to do that, but that is not what really stops your farmers. Your farmers and my farmers have a proprietary interest in their land. I have met very few who believe the state has any right to tell them what to do with their land in their lifetime.

Mr. McKessock: There is such a thing, which you often come up with, called provincial policy or for the good of the province. What are the other words you use? Provincial resource, I suppose.

Mr. Wildman: State-controlled.

Mr. McKessock: Provincial resource or provincial policy. All I am saying is that rather than let this land go down the tubes, you could be using it for fuel alcohol—

Hon. F. S. Miller: Let me mention a project; I think the exciting project is 30 miles from your riding. Until we test the Bruce nuclear plant and its utilization of waste energy and dedicated steam, we will not be able to say that it will work elsewhere in the province; but I have to argue that if we do what I hope we will do there, we will start using some of the 70 per cent of the energy in uranium that currently ends up in Lake Huron for all the alternative uses that are related.

Mr. McKessock: So are you saying we are not going to need farm land; we can grow it all in greenhouses?

Hon. F. S. Miller: No, no. I would say, depending upon the temperature of the waste or dedicated heat and depending upon what you do with the heat you are using there, you can distil methanol out of fermented grain cheaper there than anywhere else in Ontario. That is where economics get into it. It is not a question of having a better mechanism for distilling alcohol or making it; it is a question of getting the input costs low enough to make commercial users use it. That is where Bruce nuclear comes into play. Then you can see a revolution in the way farmers farm the land around the Bruce nuclear plant, within whatever is an economic haul distance. Then you can see them growing crops for fermentation and a dozen other uses that are already foreseen there.

The greenhouses, which are also predicted there, the fish farms and all the other things that we saw as part of the package are only part of the overall scheme. They use relatively low-grade heat. But if the predictions are right, we can see a major change in the type of crop and the value of the crop, because of access to low-cost energy out of that plant. I think it is one of the most exciting experiments around. We have it there. It is energy which, in the main, is not utilized now and which can be.

Mr. McKessock: I agree.

Hon. F. S. Miller: That is part of the Board of Industrial Leadership and Development. I do not hear anybody standing up and cheering for me when I talk about it.

Do I have three cheers from the NDP? How about a couple from the Liberals?

Mr. McKessock: All crops produced on farm land are natural renewable energy and oil is not.

Hon. F. S. Miller: Assuming the land is left in condition to grow another crop.

Mr. McKessock: That's right, and that was my point. You talk about our area, but why should we be preserving the choice farm land around the city, even though we do not need it for food now, to do something else with it? Some day we are going to need it for food.

Hon. F. S. Miller: Go to the Niagara region, where we have done that—I am not talking about the Niagara Escarpment but about St. Catharines and greater Niagara—and you will find very controversial land-use policies in effect there, protecting high-grade farm land. The sad thing is, you and I are aware that

farmers in that area cannot compete on those lands with imported fruits and vegetables, can they?

Mr. McKessock: Apparently not.

Hon. F. S. Miller: Why do we have virtually no producers or packers or canners?

Mr. Wildman: But are we going to let agriculture go that way? It also relates to Del Monte's practices when they took over—

Hon. F. S. Miller: It is not just a company. We ran into the problem of a tomato paste manufacturer somewhere down in your area which could bring the tomatoes to the plant from Mexico and buy them for less than they could get them out of the fields next door.

Mr. McKessock: But are we going to let agriculture go that way in Ontario? Some day it may reverse.

Hon. F. S. Miller: What is the alternative?

Mr. McKessock: It is to preserve our land, I would say.

Hon. F. S. Miller: But how do we do that?

Mr. McKessock: We have a large area. When you are talking about the Niagara Escarpment, that is not very good for farming. Industry could build on it. It would be costlier but, if we get back to zoning bylaws, we could stop them from building around Toronto, which uses up the most prime farm land of any city in Canada.

Hon. F. S. Miller: I dearly wish I had a few industries wanting to buy up some of my prime land right now. Not that I want them on my prime land, but I would just like to have some industries that I would have to fight off with some zoning bylaws.

Mr. McKessock: As long as you let them build around Toronto, they are not going to go to your area.

Mr. Wildman: The point is that the industries are not building.

Hon. F. S. Miller: That is the point I was trying to make. In other words, how can I direct them to less economic areas when I cannot direct them into economic areas?

Mr. McKessock: Maybe you could have spent some of that \$650 million to give them a little incentive, instead of putting it into an oil company.

Hon. F. S. Miller: I have not run out of money. Until I run out of money, the assumption that was an either/or proposition is where everybody has gone wrong in this deal. That was a supplementary, one-shot deal made this year

with moneys that we had access to and that we thought was in the interest of the average Ontario taxpayer. Time will tell us if we are right. We are not blessed in this party with omniscience—just 85 per cent.

Mr. Wildman: Twenty five per cent.

Mr. McKesock: I am sorry you are not putting it in other areas, such as I have just pointed out.

Mr. McGuigan: I would argue that there is an element of either/or, Mr. Treasurer. When you take your Board of Industrial Leadership and Development program, \$150 million a year is a pretty small amount when you spread it around to a great many activities, many of which are simply borrowed from other sectors.

I am thinking of one example. In the estimates of the Ministry of Agriculture and Food, we talk about money to go to the agricultural colleges and in particular to the veterinary college, which faces loss of accreditation because it is not spending enough money on equipment, new laboratories and so on. So there are a few million dollars—I have forgotten the figure, but it is several million dollars—that are going into the agricultural colleges. That money really belongs in another ministry, the Ministry of Colleges and Universities.

Hon. F. S. Miller: BILD flows money to other ministries. Its purpose is not to run things, but to flow the money to the ministries that do run them. That is one of the misconceptions about it. Sure, the Minister of Agriculture and Food made a case to say that his colleges, because they are under his ministry, also had a need for the kind of money IDEA Corporation was distributing to the colleges of applied arts and technology and the universities of the province to upgrade research capabilities.

Farmers are starting to use microcomputers. Farmers are starting to use automated equipment. The agricultural college did not have that equipment; it could not train young farmers on it, and it could not bring old farmers in to train them on it. They basically said the time had come to be in the modern age in terms of the learning equipment. I accept that. Therefore, we designated \$1.25 million or some such figure.

Mr. McGuigan: Suppose you did not have BILD. The money would still have gone forward.

Hon. F. S. Miller: Oh no, on the idea that he would have gone ahead, you are quite wrong there; if so, it would have happened before.

Mr. McGuigan: The only thing that moved you was the threat of taking away their authority to grant degrees.

Hon. F. S. Miller: No, that had nothing to do with veterinary needs at all. This is strictly for those colleges that relate to the Ministry of Agriculture and Food, not to the university system. You will find the doctors of veterinary medicine are passed through the University of Guelph, I think, rather than through the other side.

4:50 p.m.

Mr. McGuigan: I still argue that the amount of BILD money is very small in relation—

Hon. F. S. Miller: The \$150 million is provincial money, and we had proposed that there should be something in the order of \$150 million of other money per year. Since we seem to be on BILD at the moment, I want to say that when we talk about the lack of federal participation in this—please don't take this as sour grapes—we are still actively eliciting that federal help.

I talked to Mr. MacEachen recently. I don't want to alienate him. I want to stress that he is the chairman of his board of economic development. I am the chairman of my board of economic development in Ontario. There is a lot more to be done by working together and sharing a few things rather than fighting or trying to one-up each other. We have a number of projects that will be more profitable to our shareholders, the voters, if we work together. I haven't got that through their heads yet.

Mr. McGuigan: I can't see how you could ever make the assumption that the feds were going to give this money. Finally, they did but—

Hon. F. S. Miller: We didn't make the assumption. We chatted with them in advance and said we hoped they would come along with the intermediate-capacity transit system in Hamilton. We hope they will come along with the Canadian National Exhibition. We hope they will come along with the microtechnology centre, the auto parts technology centre and the biotechnology centre. They did on the biotechnology in their own way. Canada Development Corporation may have had some influence on the feds. This was all on the assumption that some of these things were in the interests of Canada as well as Ontario and, if they were looking for improvement in employment, they should help us. We still feel that.

Mr. McGuigan: I guess I am not going to win

the argument, but I would just like to close off my argument by saying that I think the agripark is a great development.

Hon. F. S. Miller: I always listen.

Mr. McGuigan: I have to say I am not very enthusiastic about alcohol.

Hon. F. S. Miller: In which form?

Mr. McGuigan: The fuel. In spite of the fact that I wore my kilt the other day, I don't like Scotch; I would sooner have Canadian whisky. The agripark is a very exciting development. My case would be that you should be going ahead with developments like that because they are new technology, they are in Ontario, they are under your control and looking away ahead.

Hon. F. S. Miller: I think you will find that we are, and we don't have any disagreement there.

Mr. McGuigan: There should be more money for that and less for Alberta.

Mr. Chairman: Mr. McKessock, do you have a supplementary to this question?

Hon. F. S. Miller: Are all votes and items passed?

Mr. McGuigan: We are just on number one.

Mr. McKessock: I'm not sure what we are supposed to be on here.

Mr. Chairman: Any of the items on vote 901.

Mr. McKessock: Information services; we want more on that.

Mr. Wildman: Can the minister indicate where his parliamentary assistant is?

Hon. F. S. Miller: In what sense?

Mr. Wildman: He is not here. I was just wondering where he is.

Hon. F. S. Miller: The purpose of a parliamentary assistant is so that he and the minister can be in two different places at the same time.

Mr. Brandt: You are looking at one over here who should be in Labour—

Hon. F. S. Miller: I have often wondered if it was just a weight problem.

Mr. Brandt: They do have different responsibilities and they can't always—the Labour estimates are going on now, as I was saying.

Mr. Chairman: Are there any other questions under this vote?

Mr. Wildman: I do have a couple of other questions. Can you or someone explain what functions are actually carried out under analysis and planning in this vote?

Hon. F. S. Miller: Peter Honey.

Mr. Honey: Analysis and planning is a branch inside the ministry that looks after the relationship with the Management Board secretariat and does things like the blue book, which you are reading, prepares ministry estimates and submissions to Management Board related to funding a particular program for changes and so forth.

Analysis and planning is a term that was chosen by the Management Board of Cabinet to describe that particular planning and function analysis of the ministry's appropriations and how they are spent.

Mr. Wildman: Fine. I thought you might be responsible for preparing this book, and that is why I asked. I am rather disappointed in this briefing book. The reason I am disappointed with it is that there seem to be long lists of how much paper you bought and how much you spent on travel, and I think we should be provided with that information, but there is nothing else here as far as I can see.

It doesn't have any descriptions, over and above what is in the normal estimates book, on the functions of the various offices, whereas in many cases, other ministries' briefing books provided for their estimates give detailed descriptions of the functions of the various offices as well as the line-by-line expenditures, which are important. I am not downgrading the line-by-line expenditures, but I am just disappointed that there isn't anything more than the line-by-line expenditures in this book. Unless I have missed it somewhere, I can't find anything more than that.

Mr. McIntyre: The description is in the back of the book.

Mr. Honey: Our intent in putting the book together was to provide as complete a description as possible of all of the financial expenditures which the ministry is undertaking. From that standpoint, concerning supplies and equipment and so forth, part of the purpose of the estimates exercise is to account for all of the expenditures which the Legislature appropriates.

There are descriptive portions to the book which relate to things like the regional priorities budget, the Board of Industrial Leadership and Development program and so forth, again with financial implications. Essentially, you are quite correct, the book is a compendium of financial information.

Mr. Wildman: Don't get me wrong; I wasn't saying you shouldn't provide that. And I know

what these books are for; I have been here for six years. I see that you have something approaching what I was looking for, starting on page 89. I suppose it is just the way you decided to set this up, but I was wondering why, instead of separating it out, that kind of information wouldn't be provided at the beginning of the description of the line-by-line expenditures under each vote? It is really not a question now of why it isn't there, but why it is where it is?

Mr. Honey: I think that was just a matter of convenience. The section that is located at the end of the book is a summary of the management by results—

Mr. Wildman: MBR.

Mr. Honey: It's an MBR type of approach. I think it would have been convenient, in a different format, to put it with each section, but it was just as convenient to sum it up at the end.

Mr. Wildman: I have no particular objection to that. It just seemed a little awkward to me.

Mr. McKessock: Mr. Treasurer, can you tell me why the government decided to buy the \$10-million jet?

Hon. F. S. Miller: Where is that?

Mr. McKessock: It is under your travel.

Hon. F. S. Miller: Not under my travel.

Mr. McKessock: Will you get any use from it when it comes?

Hon. F. S. Miller: If I am still a minster.

Mr. McKessock: You will? It pertains to you, then.

Hon. F. S. Miller: No, it is in the Ministry of Natural Resources budget.

Mr. McKessock: It's in their budget? Anyway, why did they buy it, even if it is not under you?

Hon. F. S. Miller: I think that is best asked of that ministry.

Mr. McKessock: But if you are going to make use of it—

Mr. Wildman: He kept saying it was a cabinet decision.

Mr. McKessock: That is right, and you say you are going to make use of it; so it must have been a cabinet decision.

Hon. F. S. Miller: I will be glad to take you to Hanover International in it.

Mr. McKessock: Will it land there?

Mr. Chairman: I think that could also be asked of the Ministry of Natural Resources.

Mr. McKessock: I am asking the minister and he is about to answer.

Hon. F. S. Miller: Having landed there in a ski plane one day when I visited Durham, no.

Mr. McKessock: What will we have to do in Hanover to make it accessible to your new jet plane?

Hon. F. S. Miller: First, pave the runway.

Mr. McKessock: Pave the runway? How long a runway will you need to have?

Hon. F. S. Miller: Four thousand feet.

Mr. McKessock: You know the new Dash-7s will land on about 300 feet.

Hon. F. S. Miller: Not quite.

Mr. McKessock: Almost.

5 p.m.

Hon. F. S. Miller: The fact remains that they are quite different aircraft.

Mr. McKessock: And cost a lot less money.

Hon. F. S. Miller: Let me make a defence of that aircraft for a second. The budget of the province is \$20 billion a year. In geographic size, Ontario is the second biggest province in Canada; it is probably close to 1,500 miles from side to side. We have both staff and ministers travelling, as politicians and staff must, around this province doing a good deal of servicing of the legitimate needs of the people of the province. On a good many days, ministers, particularly those related to the north and to natural resources, are travelling the distance from Toronto to Kenora to Moosonee—to you name it—and back, spending many hours in an aircraft.

I look at companies with hundreds of millions of dollars in sales running Gulfstream-2s, and I look at many smaller corporations running their own private jets because it makes good use of their executive time.

Mr. McKessock: Do they need to go into debt every year?

Hon. F. S. Miller: Just a second now. I run a current account profit, something a lot of people forget about. If you took the direct operating expenses of the province and took my direct revenues, I have a surplus.

Mr. McKessock: Your budget doesn't say that.

Hon. F. S. Miller: You haven't listened to me.

Mr. McKessock: You are a bit confusing to listen to when it comes to the budget.

Hon. F. S. Miller: If I then add to it the capital additions of the province, the cash requirements—

Mr. McKessock: Do you mean capital gains?

Hon. F. S. Miller: No, no. Just the additions, the things we put in the ground for the use of

future taxpayers. In eight of the last 10 years, Ontario has had from its own source revenues more than the money it spent on its own direct operating expenses and transfers. It has borrowed money to put things like new highways, new hospitals, new schools in the ground. In the normal business cycle, those would be considered assets.

Mr. McKessock: They would be pretty hard to sell, though.

Hon. F. S. Miller: No, no. I am just talking about corporations. They would not expense them as we do. They would put them on the books at 100 cents on the dollar and depreciate them because they are the assets that are there for future years to share the cost-out. In Ontario we don't do that. We expense capital additions at once.

Mr. McKessock: How can you tell me what it would be if you don't do it? You are telling me that you do have a balanced budget if you take this into account.

Hon. F. S. Miller: Yes. If I ran my bookkeeping like Holiday Inns, I would show a profit.

Mr. McKessock: How do you know that if you don't do that kind of bookkeeping? Or do you do that?

Hon. F. S. Miller: The fact remains, when a tax-paying, profit-making corporation invests in a capital asset, be it a jet aircraft or a new factory, it assumes that asset will assist the company to make a profit; so it charges out a percentage of the value of that asset against each year's operation until it disposes of it or the asset has zero value. Therefore, it spreads the cost over a number of years. That is because there is an income tax advantage in doing it.

In our case, we don't have a tax to pay or a profit to make. Our assets don't directly have income sources attributable to them. Therefore, we have chosen the most conservative of all routes and have shown them as expenses in the year of purchase.

Mr. McKessock: Would there be an income tax advantage to the people of Ontario if you weren't running such a big deficit?

Hon. F. S. Miller: There is no tax advantage. I am the guy who collects the tax.

Mr. McKessock: That's right, but if you didn't have such a big debt and such a high interest to pay on that debt—

Hon. F. S. Miller: Before we get on to debt, first of all I have a nice big section here on debt and I have all kinds of experts anxious to answer

your questions. I happen to have fewer months' funded debt in Ontario in terms of revenue today than Mr. Frost had.

Mr. Chairman: Fewer months? In other words, the debt per capita was greater in those days than it is today?

Hon. F. S. Miller: My staff is busy looking in the books to make sure I am right.

Mr. McKessock: I would tend to think from a business standpoint, especially when we run into these economic hard times today, and I know, coming from a farm, when you run into these kinds of times, you look at things a little differently. When you look at a business today, it would be nice to be able to get out of debt, instead of saying, "With my assets I'm still not any further in debt than I was 15 years ago, even though I am another \$500,000 in debt."

Hon. F. S. Miller: Major corporations often never get out of debt. The assumption that you in the opposition make is that governments are profligate because they don't retire debt. Many a corporation doesn't really retire debt, except in a rollover sense, because the corporation continues to grow and keeps a debt-to-equity ratio that suits it.

Mr. Wildman: You mean the official opposition.

Mr. McKessock: The other opposition would be glad to run up a bigger debt.

Mr. Wildman: No. On this particular question we agree with the Treasurer, which I find rather a strange position.

Hon. F. S. Miller: In that case, can we review our position?

Mr. Brandt: There must be something wrong.

Mr. Wildman: You can imagine how we felt about Suncor.

Mr. Chairman: Mr. McKessock, I think, with all respect, you are getting into another area.

Mr. McKessock: No. I am sure this was covered under the Treasury somewhere. I can't find any other vote where it fits any better than right in here.

Why does the government feel it has to run a debt when you know exactly where your money is coming from? It is not that you have to have buy another business or another Suncor or whatever to bring in that revenue.

Mr. Wildman: Do you want higher taxes or fewer services or both?

Mr. McKessock: You know where your revenue is coming from; so does it not make

fairly good common sense to spend what you make, especially when you are a service business? You are not in business to make money, but you are in business, I would think, to balance the budget every year. Normally you have a good argument—

Hon. F. S. Miller: Let me counter in a theoretical sense only, because I would share your objective of having a balanced budget if cash requirements are zero. First of all, as a businessman, I use debt to earn money, not to lose money, if I do it well. The purpose of debt is to purchase an asset that will earn more than the cost of the money. Do you accept that?

Mr. McKessock: Yes.

Hon. F. S. Miller: Therefore, it is not wise to assume that somebody who had debt is not managing his business well. The proper use of debt will give the shareholders a greater return on their equity than would a corporation that is debt-free.

Mr. McKessock: Yes, but all your shareholders get is a \$500 cheque every year, and they have to be 65 to get it.

Hon. F. S. Miller: On average, my shareholders get such a bountiful basket of benefits that they return this government year after year.

Mr. McKessock: When April rolls around each year they don't look at it that way.

Mr. Brandt: Mr. Chairman, I find it a little confusing when the question directed to the Treasurer talks about the problem of debt, yet the members of the party from which we just heard this position put forward are constantly asking for subsidies for farmers, more hospital beds, and the cry has gone out for more assistance for universities. In my view, that is part of the total package of the delivery system that provides services to the citizens of Ontario.

Mr. McKessock: Well, you are not to do it by going into debt.

Mr. Wildman: How are you to do it, then?

Mr. McKessock: Well, I think you could do it without buying Suncor, for one thing, and a \$10-million jet.

Mr. Brandt: I wasn't quite through yet, because I was going to say, when I take financial advice from the Liberal Party, which in Ottawa happens to have a debt that runs about \$1 billion a month, I wonder about the philosophy—

Mr. McKessock: I am not praising them for doing that either.

Mr. Brandt: We are pikers compared to them.

Mr. McKessock: We haven't got as big a business to run as they have either.

Hon. F. S. Miller: I can only measure the two by comparing our deficits, our deficit-to-income ratios on the provincial and federal scenes. On that basis, our cash requirements in Ontario were a modest five per cent last year of our spending.

Mr. McKessock: Two wrongs don't make a right.

5:10 p.m.

Hon. F. S. Miller: I will refer you to a page that may illuminate a bit for you, some of the vague and clouded and dark chambers of your mind.

Mr. McKessock: They are clouded, that's for sure.

Hon. F. S. Miller: Take page 15 of the epistle according to Miller, version 1981, called the Ontario budget.

Mr. McKessock: I have looked at it. I would like to look at the small print. It looks different from any speech in the House.

Hon. F. S. Miller: This is appendix budget paper A. If you look at what I am talking about there, you will see in chart one the total capital investments and the net cash requirements of the province each year from 1970 to 1980. You will see that the dark blue lines show the moneys we invested in capital and the light blue ones show the moneys we had to borrow for all purposes in the province.

Except for the years 1975 and 1977, the investments exceed the cash required. Therefore, one could say, since all those investments are capital, that with the exception of two years, we have consistently paid for all the operations of the province on a daily, current basis plus anywhere from 50 to 75 per cent of the things we invested in for future taxpayers.

Apart from an objective to have a zero cash requirement, which is something most prudent people would like, I would have to argue that some assets live through several sets of taxpayers, such as Highway 401, the hospital in your community of Durham or at Hanover, the universities, the high schools.

The real question is, should the taxpayers of one specific year pay that entire burden, or should some of the costs be transferred to taxpayers 10 years hence, who will also benefit from that particular investment? I think one could argue at times there is some degree of fairness in levelling out the costs across a number of tax years. I still prefer not to borrow for anything. I am simply saying that is not a bad argument when you look at it.

Mr. McKessock: I accept that but, as I mentioned earlier, when times get tough, as they are right now, then you tend to look at these things in a little different light, because things do not go along as smoothly.

Although it has not hit everybody yet, it is hitting a lot of the northern farm communities, and then they start to think back to the last Depression. At that time, those who did not have any debts survived—not nicely, but survived—and a lot of others went under. For those who did come through it with a little debt, their biggest ambition was to get out of debt, and they spent the next 20 years getting out of debt. They sure did not borrow any money, because they had had a bad experience.

Hon. F. S. Miller: You and I come from that generation.

Mr. McKessock: I was born in it, yes, and things went from bad to worse for my family.

Hon. F. S. Miller: After you were born?

Mr. McKessock: Yes, I was born right in it. But, of course, depressions sure do help stop inflation, because those people never added to inflation any more. They would not take risks. They tried to get their debts paid off.

I am just saying, as long as everything is going fine, your theory here works. But when things get into a slump, it does not work as well and you wish you did not have a debt and you wish you were not paying interest on that huge debt.

I just wonder when you intend to balance the budget. I know you say you would like to and yet—

Hon. F. S. Miller: Quite honestly, I think there are going to be some sections in here that quite appropriately relate to those things.

Mr. Wildman: I have a supplementary. I hate to interrupt this erudite exchange on economics but, in line with what Mr. McKessock is suggesting here, I would like to know whether the Treasurer himself is making almost as bad, although not quite so bad, an argument, when he deals with the federal government and says, "On the one hand cut your deficit, but on the other hand we need economic stimulus." Aren't these two competing problems that all governments have to deal with?

If I understand correctly, Mr. McKessock is saying, "Let's get rid of debt, let's balance the budget, but please do not cut services." Isn't that the same thing?

Hon. F. S. Miller: What we tried to say to the federal government was that we had tried very hard through the years from 1977 to the present

to cut the spending of government and give ourselves some flexibility in our budget so we could take discretionary actions at times when the economy justified it. We could show you the years we have done that.

Since about 1975 or 1976, the federal government has embarked upon a course of rapidly escalating cash requirements and left itself absolutely no flexibility. Its percentage of cash requirements against income was such that it was becoming almost overpowering.

We had the flexibility last year to take the six-month mini-budget actions. We had the flexibility in 1977 to take certain actions on housing and in 1975 to take certain actions, almost always when there is some kind of need in the society or an election—

Mr. Wildman: Or an election, yes. There is even more need now, but no election coming; so that is why there is no activity.

Hon. F. S. Miller: I did not say that, because I knew you would put it in there for me.

We have had a degree of flexibility the federal government has not had, and I think that was an important thing in that we could afford to take certain actions. We pointed out to the federal government that this year it really did not cut spending; it cut its gross requirements by cutting transfers. In fact, it had room within its spending system to take some of the measures which we found worked. It should be taking those before it lays off the collection of taxes to other orders of government.

Mr. McKessock: Back to Ontario now: You were talking about having some flexibility in your spending, which I agree you seem to have. It has been brought more to light since the purchase of Suncor than it ever was before. We have been told all along that there was no money to help farmers or home owners, who were renewing mortgages, or small businesses and so forth. Then all of a sudden this big purchase was made.

Just speaking on the side of the farmer for a minute, could we have a little flexibility come next year in the budget to put a little more than slightly more than one per cent of that budget into agriculture? I wonder how you look at agriculture and its importance to Ontario. It is my understanding that between 20 and 25 per cent of our jobs are created from agriculture or agriculture-related industries in Ontario.

Mr. Chairman: Are you prepared to answer that?

Hon. F. S. Miller: I was looking at my votes and items again, wondering where agriculture is.

Mr. McKessock: I have looked at all the votes and it fits under this one.

Hon. F. S. Miller: I mention to the farmers, when they talk about percentages of gross spending of a government and they say it's declining or it is lower than it was, that argument applies to any part of the budget that existed prior to health care. Once health care moved in and became a provincially funded service or expense service, it occupied such a big chunk of money that all the rest of the percentages paled into insignificance. Health is roughly 30 per cent of the gross spending of Ontario. It was not there a few years back.

Mr. McKessock: Are you saying agriculture is insignificant?

Hon. F. S. Miller: No, I am talking percentages. We put \$6 billion into health care, and \$6 billion was not there at any level a few years back. All of a sudden, the 28 per cent of a former budget of \$1 billion that the highways used to get is seven per cent of a new budget, even though they now get \$1.5 billion. The percentages have changed, and that shouldn't take away from the absolute numbers of dollars and their relative impact; that's all.

Mr. McKessock: Then we should be talking dollars instead of percentages.

Hon. F. S. Miller: But that gets into somebody else's budget.

Mr. McKessock: It comes from you, though. It comes from the Treasury.

5:20 p.m.

Hon. F. S. Miller: But surely this exercise is to talk about the Treasury and not the allocation to another ministry. I think that is where I have to draw the line. You can chase me on any items you want to, but that is really not for the Treasury.

Mr. Wildman: Your problem is that the Minister of Agriculture and Food (Mr. Henderson) is not effective enough in getting a bigger chunk of the pie when he goes to the cabinet.

Mr. McKessock: Actually, that brings up a point. I wonder when he knows money is coming into his area. He took quite a fleecing in the House the other day, the day before the cow-calf program was announced. It seems to me, if he had known that was coming the next

day, he could easily have said, "Wait until tomorrow and I will have some good news for you."

Hon. F. S. Miller: He knew.

Mr. McKessock: He was very ineffective in the House.

Mr. Wildman: The reason he did not say anything was that he was trying to arrange to have the back-benchers ask the question.

Mr. McKessock: Something interfered with his plans.

Mr. Chairman: I think we are wandering away from this vote.

Mr. McKessock: What we were really on was the aeroplanes. I am not sure how we strayed away.

Hon. F. S. Miller: Our conversation took off.

Mr. McKessock: There was one question I wanted to ask on the aeroplanes. How many planes has the government financed?

Mr. Chairman: That is under Natural Resources, Mr. McKessock. Aeroplanes were dealt with in the Natural Resources estimates.

Mr. McKessock: Can you tell me what comes under this?

Mr. Wildman: Look on page 89 of the briefing book.

Mr. Chairman: Does anybody have anything specific relating to the administration program?

Vote 901 agreed to.

On vote 902, Treasury program:

Mr. Wildman: It states here that it can involve advice on investment activities or borrowing activities in the province. In that regard, since the major investment that has taken place this year, or it has been announced it is going to take place, is the Suncor purchase, I would like to know if anyone in this branch was involved in the analysis of the consultants' reports leading to the advice to the government to make the political decision, as the Treasurer stated it was, to purchase 25 per cent of the shares?

Hon. F. S. Miller: Yes.

Mr. Wildman: Can you tell me the kinds of analyses those individuals went through? In other words, you are saying to us you did not ask the consultants to give you advice as to whether it was a good purchase but on what a fair price would be for the shares and what the range would be. What role did this branch play in deciding it was a good investment for the provincial government to make.

Hon. F. S. Miller: I do not think this branch was asked to make that decision. It was asked to look at the terms and conditions of the financing specifically, I would say.

Mr. McIntyre: Our opinion was asked on the basis of the actual loan component. There were two pieces to the final settlement of the \$650-million figure, which was half in cash and half in a basic note. Our opinion was asked and we said basically the interest rate on that note at that time was attractive and, therefore, assuming that was the initial position we were taking, because there is still negotiation on the financing going on at this moment, that would be an initial position to rest upon.

Mr. Wildman: Is it possible for you to tell me, or are you at liberty to tell me, what interest rate you were calculating on?

Mr. McIntyre: I do not think so.

Mr. Wildman: Because of the negotiations still going on—

Mr. McIntyre: That is still going on. If I disclose some of those rates, I think the company might sense we had a better position than they would think we have. I would just as soon not express those comments at this time.

Hon. F. S. Miller: It may not be in our interest as taxpayers or levers to tip to Suncor through this discussion any of our willingness to pay until such time as we finish the deal. If, through their analysis of what we said, they sensed they could get a higher interest rate or whatever, it would not be in our common interests.

Mr. Wildman: A number of statements have been made in the House on the total bill on the basis of a 17 per cent rate projected over a number of years. What might that mean for the Ontario Energy Corporation?

Hon. F. S. Miller: That, I think, was Dr. Smith's comment. He looked at the rough rate of money at that time and made his calculations based upon 17 per cent. Then he got into the 15 per cent the Premier (Mr. Davis) talked about and wondered how one could make money paying 17 per cent and getting 15 per cent. That is all in the hypothetical range.

Mr. Wildman: In your analyses, you have done that same process, whether or not that figure is an accurate or legitimate one to use. You have looked at the overall cost projected over a period of time; is that not correct?

Mr. McIntyre: Yes.

Mr. Wildman: Who is carrying out the negotiations directly with the company on the actual rate that will finally be arrived at?

Mr. McIntyre: The negotiations are basically carried on by MacLeod Young Weir as our negotiators, supported by Price Waterhouse. They are what I would call the professional negotiators who deal with the Sun people and their negotiators. They have an underwriting firm as well to assist them.

Mr. Wildman: I understand that Tom Kierans is in Nepal; so I guess—

Mr. McIntyre: No, he is back here.

Mr. Wildman: Can you tell me, if it was not this branch that made the decision it was a good investment, who in government made that decision?

Hon. F. S. Miller: I do not think anybody on my staff would know the answer to that.

Mr. Wildman: I am not trying to be funny.

Hon. F. S. Miller: Seriously, my staff would not know, because they got their directions specifically to carry out certain tasks. As the minister, obviously I am aware, but I have to say that the only thing one can say is it was a decision of the cabinet of Ontario.

Mr. Wildman: I accept that, but I asked at the beginning who gave advice on that to the cabinet, and your indication was that this branch would not have done that.

Hon. F. S. Miller: No. This branch would not have done that. This branch had a reactive responsibility rather than a pro-active one.

Mr. Wildman: I suspect that tomorrow I will have to ask the individuals from the Ministry of Energy and the consultants about that. All right. I think that tells me something. I do not have any further questions on this vote just now.

Mr. McKesock: I think we are on the deficit one now. Can you tell me, do you have a set target now to balance the budget at some time? You have had this in the past.

Hon. F. S. Miller: We changed the wording a bit the last time we had a budget. We said we wanted to have the capability to balance a budget. Now, you ask me, could I balance a budget in any year? The answer must always be yes. We got close to it a couple of years back. I think David Peterson referred to our rapid ups and downs in cash requirement, or deficit as it is often called.

We got down to something like, I think, \$350 million in cash requirement two years ago and then pre-flowed, as David Peterson mentioned, about \$220 million or some such figure in the fiscal year just ending, which had the effect of increasing our cash requirements to somewhere

close to \$600 million, and decreasing the next year's below that which it otherwise would have been.

5:30 p.m.

We had two or three reasons for doing that. We flowed it to municipalities and school boards during their current fiscal year which was calendar as opposed to ours which ended March 31. For one reason, it helped them with interest costs, and we did that to assist them to have a lower cost of total borrowed money.

When one gets down to something like \$350 million in cash requirements, which is down to about two per cent of the spending of that year, you can recognize that it would take little change in overall tax rates to generate that. A mere two per cent more revenue would have balanced the budget. We had the capability of doing that had we adjusted rates nominally.

The question as to whether one should adjust the rates in any given year depends to a large degree on the state of the economy in that year. We looked forward to the next year and, as I recall, felt it was not a year to take those steps from the economy's point of view, just as we cautioned Mr. MacEachen this probably was not as good a year as many to do what he is doing. When the economy is relatively soft, one should not normally be adding to the tax burden.

That is really how the whole thing is handled. It is an art, not a science. We have played it along. We have not had the most buoyant economy for some of the last three or four years. We have been reluctant to raise tax rates since we had done the other half already. We had been cutting spending almost as far as one could. The potential to have balanced the budget was always there without a great change in the overall tax regime.

That will become increasingly difficult as inflation carries on, because Ontario's own income does not increase as fast as inflation. The more inflation goes up, the greater the gap between spending growth and revenue growth without nominal tax rate changes. The problem tends to get a little more severe during a period of high inflation.

Mr. McKessock: The economists keep telling us that the more we spend, and the more we borrow to spend, adds to inflation. Would you feel that, if you could balance that budget, or would rather than could, it would help lower inflation?

Hon. F. S. Miller: Sure. We have said to Mr. MacEachen that monetary policy alone was not the answer, that fiscal stringency was also required. We have argued that we had done our share. In fact, Quebec's Minister of Finance, Mr. Parizeau, was quoted recently at a Premiers' conference as saying Ontario had shown the lead in Canada in terms of fiscal responsibility and that other provinces should follow our lead in cutting down on the growth of spending.

I think he is saying that with some degree of fervency right now because he is running unprecedented deficits at this moment, \$3 billion plus and going up fast with a six-million population. We are talking of \$1 billion plus right now in Ontario with an eight-million population.

Mr. McKessock: It would be nice to see another province besides Alberta able to make that balance for one year.

Hon. F. S. Miller: Let us look behind the scenes. If I had the kind of per capita revenue that Alberta has, Ontario would look good. Our actual spending at the combined levels of municipal and provincial government in Ontario is less per capita than that of any other province in Canada. We actually spend fewer dollars per taxpayer on government services than any province in Canada. That is something a lot of people do not know. I think you will find Alberta's spending per capita is almost twice Ontario's.

Mr. McKessock: That is because of the lower population.

Hon. F. S. Miller: No, it is because they have so doggone much money flowing in. Saying no to anything is difficult; that is why. Ontario in the 1950s and the early 1960s to a degree had that problem. I go back and read with tears in my eyes the budgets of my predecessors, like Jim Allan, who would say, "I have looked back on the last year and our revenues have exceeded expectations by so much and therefore I can do such and such." I, just once, want to be able to do that.

Mr. McKessock: But the population would have something to do with it, wouldn't it?

Hon. F. S. Miller: There are economies of scale. On that basis, I could look at the spending of a lot of other provinces that are in the same population range as Alberta. It still happens to lead the pack, because it has the best revenue.

Mr. McKessock: You need the basic utilities for any population, so if you have a greater population it would not be so much per capita.

When do you expect you will have to pay back the money you have borrowed from the Canada pension plan?

Hon. F. S. Miller: This is a question that is best answered by somebody like Mr. McIntyre, because it is possible that will never have to be paid back, as much funded debt is not. It may be rolled over, replaced with new bonds, whatever, but not necessarily paid back. One of the things the select committee on pensions is doing right now, as you know, is looking at the mechanisms with which to fund the Canada pension plan in Canada, not specifically in Ontario, and other forms of pension benefits.

Ontario also is the lead province in Canada in bringing the provinces together to study that program and problems of pensions in general: the 3.6 per cent, which is the current gross contribution rate for Canada pensions, comes nowhere near paying for the benefits people are getting. The range of contributions should be between eight and 10 per cent to pay for the 25 per cent benefit we now get.

One of the reasons the fund has some potential cash-flow problems is that the rate of contribution is too low and the plan is maturing. For a long time there were very few people taking benefits and many contributing. As time goes on, more and more move into the 65-year-old range, start to draw their benefits and discover the plan was not properly funded.

This means that by 1985 there would be roughly a balance in the income and outgo of the Canada pension plan receipts and expenditures. Having listened to the provincial ministers, I assume you will see recommendations for changes in the contribution rates for the Canada pension plan that in turn will flow more cash, which in turn will put off the day when some of those decisions are made. But George McIntyre can answer that better than I can.

Mr. McKessock: The interest you pay on that money is borrowed. Does it go back to the federal government for each year?

Mr. McIntyre: Every month. We have outstanding debentures of debts outstanding to the Canada pension plan and each month we repay the amounts due for those months based upon the outstanding interest.

Mr. McKessock: What rates are you paying on those loans?

Mr. McIntyre: Actually this year the average is around the 13.4 to 13.5 per cent range. It has hovered up around 17 per cent. It is down again

now. Right at this moment, just below 16 per cent is what we are paying for the Canada pension plan fund.

Mr. McKessock: How long are the immediate loans you get from the fund?

Mr. McIntyre: Twenty-year obligations.

Mr. McKessock: If you take one out today it is at 16 per cent?

Mr. McIntyre: Yes.

Mr. McKessock: But the average you pay is 13 something?

Mr. McIntyre: That's right. The 13 per cent was actually a rate for this year, but it goes back in time to 1965 when the average, of course, was down around six per cent. It has grown from there up to the ranges of today, when the average this year is around 13 something.

Mr. McKessock: How are those rates set? It seems strange to me that the average this year would be 16 per cent. As a farmer this past year, I was paying 23 per cent for money.

Mr. McIntyre: Without getting too technical, the basic formula is based upon the long-term Canada borrowing rate on an averaging basis. In other words, they have borrowed funds for a period of time and as they borrow further funds they average out that amount and then project that average figure as the amount they expect to receive from the provinces that have the flow of the Canada pension plan.

Hon. F. S. Miller: Can I jump in a second? Your colleague at times has inferred there is a special deal that means Canada pension does not get the return on money it should when it is loaned to Ontario. If you look at moneys we have recently borrowed in the European market with a totally free lender-borrower relationship in the market, I think we paid 16.25 per cent for money on that basis within the last month.

5:40 p.m.

So the assumption that somehow Canada pension funds are borrowed grossly under the market rate has to be dispensed with, because they are not. We benefit because one is a higher risk when one is borrowing through an intermediary. The banks will add to the cost of money whatever spread they have to. Their cost of money approximates to our net cost of money. Because we are a triple-A risk in Ontario we get money at as a low a price as virtually anyone except, say, the federal government of Canada. That is why this rate is better.

Mr. McKessock: Now when you say you might never have to pay that money back,

because that will always be a loan from the Canada pension plan to you that you will roll over and continue paying interest on, so it is like an investment for the CPP—

Hon. F. S. Miller: Yes. They have to keep their money invested in something, earning money.

Mr. McKessock: Either that or let it run out by spending that capital—

Hon. F. S. Miller: There are a whole bunch of potential variations for mechanisms to fund Canada pension as time goes on, one being to let the fund run out and then simply charge to taxpayers in each year the direct benefit costs for the people in retirement. Another one is to keep it partially funded, and another one is to keep it fully funded. I think you will find that the select committee and the royal commission have looked at those kinds of options, their costs and their implications, and they will be coming up—if they haven't already—with recommendations on it. Certainly the royal commission did make recommendations on it.

Mr. Wildman: I would like to come back to one other area of concern I have raised before and we have talked about. I know the Treasurer made a passing facetious reference to it when he talked about possibilities of elections and how they affect the policies of the Treasurer. Despite the net increase in jobs you mentioned, when one looks at the present figures, one can determine that almost 90 per cent of the increase in the number of unemployed in Canada in the past year has occurred in this province.

If that is the case, I wonder why, despite the fact we do not have an election on the horizon, the government is not prepared to look at a mini-budget to try to deal with the need for economic stimulus. After all, we did it last year. I get the impression your staff is questioning something.

Hon. F. S. Miller: Yes; the vote and item number. I think that is under vote 904.

Mr. Wildman: No, that is the reason I did not raise it there. I am talking about a short-range thing.

Hon. F. S. Miller: Vote 904 has yet to come.

Mr. Wildman: My impression was 904 was—

Mr. Chairman: The economic policy program.

Mr. Wildman: Maybe I am wrong, but I had the impression that was more on long-range planning rather than—

Hon. F. S. Miller: I think economic policy would cover short, medium and long.

Mr. Wildman: All right, fine.

Hon. F. S. Miller: What we are talking about under vote 902, as I understand it, is the funding and financing of the debt of the province contracted through whatever fiscal policy.

Mr. Wildman: That is fine. I will raise it later.

Mr. Brandt: In regard to the term for borrowing, in the briefing book it indicates that provincial borrowing has not only been for a 20-year period. Has the Treasurer ever considered a shorter term? How did we arrive at a 20-year term? Because one of the ways to reduce indebtedness is to try to front-end load some of your debt and perhaps pay it off a little more quickly.

You probably have a rationale for 20 years, but as someone who came out of the municipal field I can tell you we have five, 10, and 20 years. In some instances, we pay cash if we have the money available to us, so, the second part of my question is: How do you determine which capital assets you may pay cash for, if in fact you do?

Hon. F. S. Miller: We are just having a little conference here.

Mr. Brandt: I wondered if you were listening or if I lost you all.

Hon. F. S. Miller: My friend, your words of wisdom, your pearls dropped through my ears.

Mr. Brandt: I figured they probably would.

Mr. Wildman: Right through.

Hon. F. S. Miller: The question of length of term and the purposes for which money is borrowed will be addressed by Mr. McIntyre in a moment. Do not forget that we show some of Ontario Hydro's borrowing, as well as that of the province of Ontario. The only moneys we are borrowing in the free market have been for Ontario Hydro. We have not borrowed any money through investment dealers or through banks for the government of Ontario, except for treasury bills, since I have been Treasurer, and perhaps for a couple of years before that.

That comes as quite a shock to a lot of people, who assume that Ontario is out there borrowing money in the bond market on a day-to-day basis. It is not. It borrows from the captive funds, such as were discussed a moment ago; Canada pension, teachers' superannuation fund, public

service superannuation fund, but not from voluntary decision-making lenders, like you buying a bond.

We have categories of debt which can be explained. However, in terms of length of term of the debt, be it for Hydro or any other, the market has been changing dramatically in the last while. It seemed to me when I first started around 1978, we were talking 30 years any time we could, because if we do not roll our stuff over often, it is obviously in our interest to take long-term debt.

As the bond markets of the world have almost fallen apart in the last while, getting people to give you anything past two months is becoming something of a problem. However, we still do make deals. I think the one in Germany last month was seven years, was it not?

Mr. McIntyre: Yes, it was a Eurodollar US denominated.

Hon. F. S. Miller: On US issues, you got some twenties and thirties last time around?

Mr. McIntyre: Yes, we were down in New York at the first of the year, and we negotiated a 20-year instrument at that time.

Philosophically what we try to do to a degree is tie, as best we can, the length of our borrowing—and I am thinking of Ontario Hydro now—with the projected life span of a power station, such as a nuclear hydro station. There is a guesstimate that we should try and extend our borrowing stance as long as we possibly could.

We also look at the retirement dates of our instruments in Hydro to see if there are gaps where we could possibly move in and do something around the seven to 10-year area, and fit the retirement schedule into there. We do that as well. I guess we pick up something like 20 per cent of our money for Hydro, which borrows something like \$2 billion a year; we will pick up 20 per cent in the intermediate seven to 10-year area.

Our problem is that the capital market availability in the world for Ontario's credit is near the \$2 billion range, so we are using most of that credit for Ontario Hydro. As such, to defer it into short-range instruments would mean that possibly next year, not only does Hydro require \$2 billion but might, if we took some short-term instruments this year, need to find \$2.5 to \$3 billion next year.

That could be very awkward for us, if we kept amassing short-term instruments. So we strive to try and find it in the long-term scene, as closely tied to the fixed assets as we can, and

take the concept that the carrying charges, in essence, are basically costs that will be absorbed by the populace over that steady period.

Mr. McKessock: Do I take it from what you are saying that when you are paying off these loans you pay only interest, and then when the loan comes due you roll it over into a new bond? 5:50 p.m.

Mr. McIntyre: No, up to now the approach that Ontario Hydro has taken is to retire the instruments. They have been relatively small retirements from \$70 to \$100 million a year, and they have been retiring those instruments as they come due, not rolling them over.

Mr. McKessock: What about government bonds; the same?

Mr. McIntyre: We have had some small instruments. As you can imagine, the outstanding debt is quite small in the public markets, and as they come due, we retire them too.

Mr. McKessock: Are they in your budget each year?

Mr. McIntyre: Yes.

Mr. McKessock: The principal payments as well as the interest?

Mr. McIntyre: If you look at the actual format of the budget plan statement, you will notice where we indicate the borrowing actions; that below it we usually indicate our retirements as well. So they are in the plan.

Mr. Brandt: I read with some interest of the visit of some Wall Street representatives who went to Quebec very recently, and the speculation was that perhaps their present credit rating was under some review. Although that was denied publicly, there were some comments to the effect that the rather massive debt of Quebec may, in fact, be placing their existing credit rating in jeopardy.

The question I had was in connection with the present triple-A credit rating of the province of Ontario, and I wonder if the Treasurer might give us some indication of what kind of circumstances, or what triggering mechanism, might jeopardize that rating, and what we should be watching out for collectively, as a Legislature, because I think it is important that we protect it. I also think, from your perspective, it may be of some value to share with us either a level of debt, or a series of circumstances that could affect that triple-A rating. I know it is not going to happen while you are Treasurer.

Hon. F. S. Miller: While we are the government?

Mr. Brandt: Having said that, however, I am sure you know what might happen to someone else were they to have to affect this particular area.

Hon. F. S. Miller: I hope the other two parties are listening lest that unthinkable, unspeakable event ever occurs. My expert will answer shortly. He made reference to the amount of money that Ontario can initially access in the markets of the world. That is in effect our share of the available world capital through the bond system. That is one of the measures the borrower would use. Another could be our fiscal policy, in terms of percentage of debt, or percentage of cash requirements versus income, the general economic health of the province.

We prepare, each time an issue is launched in the United States, a very massive report to show all of the financial details of this province; a prospectus, I guess it is, for the American Securities and Exchange Commission. It is very carefully perused to see what off-balance-sheet financing or responsibilities we have; how well we are running our government and how responsibly we are taxing and spending. I would suggest it is a sum total of those kinds of measurements that are used, finally, to determine if we are triple-A or not. We currently are, and it means quite a bit to us, not just in pride, but in terms of straight cost of borrowing. George could better answer that.

Mr. Brandt: What is the existing differential in terms of percentage points from triple-A to double-A? Could you answer that as well?

Mr. McIntyre: A quarter of one per cent would be the differential we would be looking at traditionally between Quebec, which is a double-A at the moment, and ourselves with a triple-A. If you amass that number on something like \$1 billion or \$2 billion over a 30-year period on the instruments that is a substantial amount of money.

The rating houses usually place a strong emphasis on the economic vitality of the jurisdiction. They do review the economics beyond the actual net cash requirement process, where you might be reflecting a deficit. That is only one component. They also watch, very carefully, the trend of spending actions of a government, as to whether most of the increases are coming in the social areas, or whether there is a good mix between the social component and the tangible assets side. They like to see the infrastructures being put in place and a good

mix of that in the budget planning process.

They watch the attitudes of the government to see whether it is looking after the private sector or seems to be moving more into what I might call a state-owned process. I did notice that British Columbia a few years ago, when it was very close to receiving triple-A credit, was jerked to a stop with a change in government. There was a watching of that government for a long time. In fact, it had to change again before it obtained a triple-A.

They do look at all those factors and review the process. They like to get the philosophies of the Treasurer, to know how he is thinking. But they will not tell us how they measure it. It is one of these mystiques where the rating houses say, "We will look after it."

Mr. McKessock: Did it go up or down with the rebate of the car sales?

Mr. McIntyre: That's right. It will not happen—

Hon. F. S. Miller: It goes up. He is trying to get you, George.

Mr. Wildman: What happens when you buy 25 per cent of an oil company?

Mr. Brandt: That would be an asset as opposed to putting it into a supplementary Gains program, I would think. Is that not correct?

Hon. F. S. Miller: Sure.

Mr. Brandt: One would be looked upon as a plus, where the other would be looked upon from a rating standpoint—I'm not talking about a social, or a need, or a humane standpoint.

Mr. Wildman: I was just wondering because if one were to buy, say, into the nickel industry or the uranium industry, that would be another asset.

Hon. F. S. Miller: I understand the direction of your thoughts.

Mr. Chairman: That perhaps falls under another vote. I don't know which one. Is there anything further on vote 902, or can I presume it will be carried?

Mr. McKessock: One more little point: Can you explain the development loans? Why were they \$77 million last year and this year the estimates are \$4 million?

Mr. McIntyre: We just basically had a deterring process in the actual area of lending actions on the development side.

Mr. McKessock: Explain the development loans. What are we talking about there?

Mr. McIntyre: Let me just take a look at that.

These are financings we actually do and had through the Canadian Mortgage and Housing Corporation for a period of time. As you know, that is coming to a conclusion, and these are basically the remnants we had estimated would be put through the process in that area. It is really the state of a program that may conclude

this year, unless there is a revitalization of that programming.

Mr. McKessock: That is why there is the drop?

Mr. McIntyre: That's right.

Vote 902 agreed to.

The committee adjourned at 5:58 p.m.

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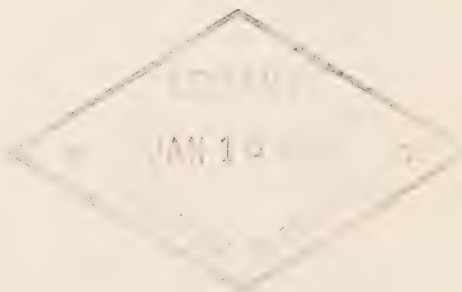
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Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government

Estimates, Ministry of Treasury and Economics



First Session, Thirty-Second Parliament

Wednesday, December 9, 1981

Morning Sitting

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, December 9, 1981

The committee met at 9:18 a.m. in committee room No. 1.

ESTIMATES, MINISTRY OF TREASURY AND ECONOMICS

(continued)

On vote 903, budget and intergovernmental finance policy program:

Mr. Chairman: I believe I see a quorum. We will proceed with the business of the day. I think we are now on vote 903, which is budget and intergovernmental finance policy program. Are there any questions on that item?

Hon. F. S. Miller: I haven't got any answers. Mr. Honey, why don't you come up here with me?

Mr. Wildman: I would like to make some comments and then I hope I will get some reaction from the Treasurer and his colleagues.

In response to the federal budget and the latest figures that have come from Statistics Canada and comments of the Conference Board of Canada, the devastating effect of high interest rates has become obvious, as has the fact that the federal budget failed to come to grips with the problems of the manufacturing sector, which is the heart of this province's economy.

As I mentioned in my opening remarks, the government last fall took initiatives in the short term to try to deal with some of those problems over the winter. This fall we do not see that kind of approach; we have a continuation of the monetary policy of MacEachen. It appears that the only response of this government is to encourage the federal government to reduce deficits and to continue restraint, albeit with the need to finance a major purchase along with restraint.

It appears that this government at least agrees with the sentiments expressed in the federal budget about the good business climate freeing up resources for the private sector. I note from the speech of the Premier (Mr. Davis) in November to the Erie Land Executives Club in Erie, Pennsylvania, his welcoming and encouragement of foreign capital and his indication that both the federal and provincial governments are continuing that approach to the further

development of our economy, ignoring the fact that our tremendous dependence on foreign capital, or foreign investment at least even if it is raised in this country, has been one of the major factors in undermining our economic potential.

I know the Premier in his speech acknowledged some of the problems there appear to be with foreign investment in this jurisdiction. He said:

"A significant number of foreign-controlled Canadian businesses have in the past often been restricted to servicing the Canadian market and denied the opportunity to take full advantage of export opportunities, or discouraged from undertaking any research and development programs or reasonable measures of independence in decision-making or technological innovations. Some foreign-controlled firms in Canada have tended to source their requirements of goods and services from their own country of origin even when such goods and services were available in Canada at comparative cost."

Those are the kinds of problems we have been pointing out. The Science Council of Canada and the Senate committee, which have pointed to the so-called deindustrialization of Canada, have been emphasizing that. The only solution that appears to come from this government is for the Premier and the Treasurer on occasion to go and make speeches to executives of multinationals, stating: "These are some of the problems we have recognized. We do not want you to do this any more."

There does not seem to be any attempt to move to a more independent stance. Although you are willing at least to acknowledge the problems with the dependence on foreign investment, in our view both the federal and provincial governments are diagnosing our problems incorrectly and providing ineffectual cures. In our view, the continuing dependence will perpetuate the disease.

Obviously, at both the federal and provincial levels the emphasis has been placed on fighting inflation. I know this provincial government has some criticisms of the federal government on that score, but that appears to be the emphasis at both levels. The federal government is maintaining high interest rates and reducing the

money supply, but we have seen that this has not slowed inflation. Instead, it has had the opposite effect of fuelling inflation and pushing the economy into recession.

On the other hand, the emphasis on balancing the budget may continue to be pushed further and further into the future. But the rhetorical stance by the government does not deal with the problem either. The emphasis on restoring investor confidence seems to us to be an abdication of the government's responsibility to develop an effective industrial strategy.

I recall the comments made by the Treasurer last year—I may have alluded to them earlier in our debate on the estimates—in which he indicated he did not have a great deal of faith in overall strategies but rather that he preferred to deal with specific problems in a specific way.

Interjection.

Hon. F. S. Miller: You are going to ruin a perfect record, Mr. Sargent.

Mr. Wildman: Oh, the Liberal Party is here today.

Hon. F. S. Miller: We have had the left here and now we have the centre.

Mr. Wildman: It seems to us there is an obvious need for a strategy for industrial development in this province and in this country for that matter. If the governments at both the provincial and federal levels continue their present approaches, the economic hardships we are facing will just continue and be made worse.

Although we are obviously suffering from inflation, the inflationary tendencies have not been equal throughout the economy. They have been concentrated in the food, energy and housing sectors, and the approaches of both governments have been ineffective.

Between 1971 and September 1981, inflation as measured by the consumer price index increased by 134 per cent, the food component increased by 189 per cent and the energy component increased by 235 per cent. We know the reasons for that, of course. Home ownership also increased by 147 per cent.

Nothing in the economic policies of governments at either level appears to address that reality. The recent energy pricing accord at the federal level with the western provinces, coupled with this government's ad valorem tax on gasoline, will continue the inflationary price jolt in the economy.

On the basis of 1981 costs, the average Ontario consumer will pay \$5,000 more for heating oil and gasoline between 1982 and 1983.

Hon. F. S. Miller: You are reading my speeches back to me.

Mr. Wildman: No, I am not, but I am glad you recognize the facts. The question is, what are you going to do about them? Obviously, the soaring prices of energy go throughout the economy. We have seen the great difficulties that agriculture is facing and the effects that has on food price increases for consumers. Despite the apparent supermarket price war we have, we are going to continue to have higher food prices.

Hon. F. S. Miller: As a matter of fact, I hope you will agree that the term "higher" is relative, and that unless you have higher food prices in certain commodities the farm community is not going to survive.

Mr. Wildman: I do not debate that, especially if you are looking at pork and beef, but it is certainly our position that the major beneficiary of higher food prices is not necessarily the primary producer.

Hon. F. S. Miller: Can I just give a response for a second, since we are going on a relaxed basis?

First, Mr. Chairman, as to votes 903 and 904, we are really on vote 904; but I am quite willing to accept that, because I do not know in terms of the discussion how one neatly separates economic policy from the budgetary actions that flow from economic policy. With your permission, I would be even happy to have us admit that we are talking about votes 903 and 904, at least vote 904, item 1. There are some parts to vote 904, like the Board of Industrial Leadership and Development, which are quite distinct, but we could be trying to tie the two of them together.

The issue of food pricing is a very emotional one. I only have to talk to my wife to appreciate that. Any attempt to discuss it unemotionally is very difficult. Do we accept that? All of us hate to see food prices going up, even though our rate of salary may be increasing as fast or faster. A lot of studies have been made, though, to try to find out why and to find out who gets what in the food-handling chain. Certainly with very few exceptions it is not the primary producers.

Mr. Wildman: That is what I just said.

Hon. F. S. Miller: We agree on that; so we are

not fighting at all. As a matter of fact, I cannot think of anyone more squeezed now than the primary producer.

Mr. Wildman: Especially with energy prices.

Hon. F. S. Miller: With all the effects going on, the cost of money, the supply and demand relationship that applies to their product more than anybody else's around here. We just do not drop the price of automobiles, refrigerators, stoves, you name it, up and down like the price of beef goes up and down as the demand changes in the marketplace, to a large degree because all the people who make those commodities are protected in terms of their share of the input. They have collective agreements or whatever to ensure they get paid an hourly rate, whether the company is or is not surviving.

9:30 a.m.

If you look at the food chain, you have an interesting price war on at the distributing level, at the retail level. Historically, the retail level has not been very profitable.

Mr. Wildman: That's true.

Hon. F. S. Miller: If one looks into that, one recognizes that the chains themselves are lopping off what used to be called big stores. They are now having to go bigger and bigger to justify it. Funnily enough, one of the spinoffs of that is the resurgence of little stores, privately owned, all over again, because economies of scale have set in. You have to be so big now to be competitive that you can now be small and compete. That sounds paradoxical, but it is a fact I think you accept.

The small store goes in very often as a family operation, very often not having any commitment to pay certain predetermined salaries before profits are calculated. So there is a resurgence of the small store. I welcome that, and I hope you do too, because to me the individual retailer is a key part right through the whole chain.

Mr. Wildman: He faces a serious problem with the cost of money as well.

Hon. F. S. Miller: Sure he does. One thing about his business is that he has few, if any, receivables. It is much more of a cash business than most retailers have. The odd food store gives credit today, the odd food store delivers, but those are really exceptions to the rule. However, some choose to give services that chains can't, particularly to help older people. It is rather nice that in small towns an old person can phone down to the store and say, "I need

two pounds of bacon, a dozen eggs and a loaf of bread. Please send them up. I will pay at the end of the month," and it comes. That is rare, but it still exists in rural Ontario where I live.

Mr. Wildman: Where I live too.

Hon. F. S. Miller: Long may it keep going. You must pay a price for that. I think we recognize that. People who get those services don't get the supermarket price for food. They basically have to pay for what happens.

I was trying to point out that the essence of it is when one analyses the entire handling chain. I bet we don't have as efficient a distribution network with any other product in society as we have in the food chain. Are the packing houses making a lot of money? The answer is no. We have had packing houses closing, amalgamating, going out of business. I am hard pressed to say who is ripping them off. Is it those of us who work in the system? You are not going to say that.

Mr. Wildman: I wasn't suggesting necessarily there was a ripoff, but I was suggesting that when one talks about the major components of inflation, obviously food is one of them, as are housing and energy.

When you say the wage earner may be protected with a collective agreement, I am sure you will also agree that 1980 was the third consecutive year when real wages dropped. It appears that this year is going to be a repeat performance of that. In effect, we have a policy of wage controls in this country in terms of real wages and buying power.

Hon. F. S. Miller: I don't think I would accept that. One basic fact I hope you will believe, even though we don't share some philosophical points of view, is that you can't have a real increase in salary for anyone without an increase in productivity.

Mr. Wildman: No question.

Hon. F. S. Miller: You go back to the essence of the economic policy side: how do we improve productivity in this country so that the employees of the country can have real increases in salaries that are noninflationary?

Mr. Wildman: And I would accept there has been a drop in productivity.

Hon. F. S. Miller: Yes, there has been a drop in productivity for a whole bunch of reasons, one of them being that as demand drops in any

given factory, the rate of output per man-hour drops, simply because they don't lay people off as fast as production drops.

Mr. Wildman: If you are only operating at 80 per cent or 70 per cent capacity, then you—

Hon. F. S. Miller: Second, as cost of money goes up, there has been less probability of companies replacing individuals with machines. You and I would have mixed feelings about that. It is an interesting statement that employment is increasing because productivity isn't increasing. To some degree it is because we are using more people in place of high-cost, high-investment machinery, because of a number of factors. I think that would be accepted by most economists.

While it is great in the short run because people are at work, it is self-defeating in the long run because other nations are improving productivity and, therefore, even undercutting our ability to sell products that now have a higher labour content than they used to have. So it has to be our goal to see enough capital formed and reinvested in Canadian industry to keep a competitive edge over foreign industry.

That is where I would go to the federal budget to which you alluded. It did not have any economic renewal program. As the Canadian Federation of Independent Business I think it was, John Bulloch's group, said in an ad yesterday, "It was a shell game." There were three shells—equity, renewal and restraint—and there wasn't a pea under any shell.

Mr. Wildman: It has also been said that MacEachen has been taking the TV evangelist approach to the economy: "Send your money and we will pray for you."

Hon. F. S. Miller: What he said on budget night and what he did in the budget were so fundamentally different that I would argue Canadians almost have a right to say he misled the House, because he ignored many things. He really did.

To get down to the thing you just talked about, the creation of capital to improve productivity, just about everything he did in the budget defeats that. He has taken more measures in that budget to move people offshore and to reduce cash flow upon which major investment decisions are made than I have seen done before.

No matter how various groups see the federal budget, the ones I have talked to so far in any organized way have been unanimous in one sense: there was a major tax change without

consultation, and that major tax change is really removing capital, not just from the big guys but also from average Canadians, from their savings and all—

Mr. Wildman: Far more so; they lowered the base rate for the top taxes.

Hon. F. S. Miller: Would you argue that people who—I have to phrase this carefully; I see my quotes coming back in election campaigns afterwards, out of Hansard and out of budget debates.

People who choose to save their money through a life insurance policy that has a savings element are often those people who do not go out into the marketplace and make equity investments. They have chosen, in effect, a compulsory way of saving. Perhaps they know they are going to have to discipline themselves, and they need the protection that comes with insurance. They also need to make a payment that has a savings element in it that they do not identify necessarily as such, but it is there, right? As an astute investor you would probably go out and buy term insurance and invest your money as you see fit.

Mr. Wildman: That's right.

Hon. F. S. Miller: Knowing you, I am sure it would be an equity in Inco.

Mr. Wildman: I would like a public equity in Inco.

Hon. F. S. Miller: What he has done by requiring that kind of person to pay income tax on the earnings of that money when they have not seen it, to me, destroys the incentive to save for some of those people.

Mr. Wildman: I don't want to argue with you about that. In the guise of taking from the rich, there is no question that he has closed a number of loopholes that were benefiting the middle-income earners.

Hon. F. S. Miller: Shall we even agree that the word "loophole" was inappropriate?

Mr. Wildman: Not necessarily.

Hon. F. S. Miller: Is it a loophole to allow a person to accrue savings in a life insurance policy without paying tax on them until he receives them, or is it something fundamental to the accrual of capital? Remember, that is how we started down this road: with the need in our society to improve productivity. Those moneys are used for that kind of purpose. They are invested somewhere on behalf of life insurance

holders. They may be invested in a mortgage, they may be invested in some other fund, but they are used in the capital of the country.

Mr. Wildman: Sure, and they may be invested in the United States.

Hon. F. S. Miller: They may be, but I would have to look into the rules on that to see how much we go that way with life insurance companies. Are they restricted?

Mr. Wildman: No, they are not.

Hon. F. S. Miller: Taking that gamble that any Canadian investment may end up in—by the way, if we do that, how do you counter that with your beliefs that you do not like Americans investing here? Should Canadians not invest abroad? We have been doing it very well this year. We have been making investments overseas or in the United States very quickly.

Mr. Wildman: I do not think it is an answer for Canadian investment to have Canadian capitalists invest in the United States. If they want to do that, that's fine, but it is not going to solve our problems here.

9:40 a.m.

Hon. F. S. Miller: No, but how about all your arguments that if somebody else invests in this country all they do is take money out of the country? How can you then say if we invest in the US and all we do is take money out, something is wrong with that? How can you have it both ways? How can you oppose somebody getting a dividend from a Canadian investment, like an Inco shareholder, and say they have not contributed to the wellbeing of the country and then oppose a Canadian investing in the US that flows investment income back to us?

Mr. Wildman: I did not oppose it. I just said it does not solve the problems we have here.

Hon. F. S. Miller: Okay, but I would argue the problems we have here, and this is the fundamental part you started on, are solved by someone investing capital, regardless of source of origin. Whether it is American, European or Canadian, it creates jobs.

Mr. Wildman: Yes, but you also pointed to the investment of moneys and the need for capital to be invested in order to improve productivity.

Hon. F. S. Miller: Yes.

Mr. Wildman: One of the major problems we have in this province, which your government has recognized—and it is not just in this province, but in this country—is a very low

performance in research and development and the lack of R and D here in comparison to other industrialized countries.

Hon. F. S. Miller: Accepted.

Mr. Wildman: One of the major reasons for that is because of the branch-plant nature of the economy and you have recognized that yourself.

Hon. F. S. Miller: Except I want to counter with this: there is really no alternative to branch plants in the world today. The question then is: What share of the services required to maintain any plant are in any given country?

Mr. Wildman: Sure.

Hon. F. S. Miller: I think it is idealistic to talk about a Canadian automobile manufacturer making cars for Canadians. You need multinational automobile companies making cars for a multinational market. My argument then is for them to be efficient in the world scale, and we have seen some examples of success. I suppose somebody would say Volvo or Saab—I do not know how successful they are—but they are making attempts to do just that. I do not know well they maintain their local market, but I would bet the Japanese are not doing too badly in those countries all the same. We still buy Volvos because they are good cars and to some degree we buy them because they are assembled here in Canada and not because they are Swedish or Canadian.

I would argue that cars made in Canada have to compete in a world market, so let us recognize that and try to work in that direction and make the branch-plant idea broaden out so we get our share of research and our share of the other services required to maintain multinationals and our share of the ownership of them. I have said a number of times that if branch plants or multinationals like Massey-Ferguson or General Motors are an essential part of the scene, then surely we as Canadians should own our share of their world product as it relates to our economy.

I have to define that. If five per cent of General Motors' whole world business is in Canada, then idealistically and ideally I would like to see five per cent of the gross ownership in Canadian hands. Do you understand what I am saying?

Mr. Wildman: Sure.

Hon. F. S. Miller: In that sense, the flow of the profit comes back to our country. That is really all I am saying. I would also like to see that company having five per cent of its world research in Canada. I do not think you and I—

Mr. Wildman: But the problem is when your government, or the federal government for that matter, provides assistance to these corporations, what kind of guarantees are you getting? You are not getting adequate guarantees, in our view.

Hon. F. S. Miller: Of course, that is where you and I have some trouble. I am always bemused by what I think of as the conflict in your party's philosophy. On the one hand, you are the most democratic of our parties in terms of permitting individual expression and supporting individual rights. I say that with support, not in criticism.

Mr. Wildman: I am a little worried when you start supporting us, but anyway go ahead.

Mr. Brandt: He is not sure of that statement.

Hon. F. S. Miller: At the same time, you are the first to tell me that I as a government must make corporations do things.

Mr. Wildman: Only when you are going to hand them our money.

Hon. F. S. Miller: It is not quite that way. I am only trying to point out that the idea that I can really make companies locate in Canada and conform is not founded on fact. You can if you have the only nickel deposit in the world, and we did for years. By the way, we should all be thankful, all the rest of their operations are collapsing and they are coming back to Canada, as you know, and that was predicted back in 1977 when I was minister. Go back and read the books—

Mr. Wildman: We also predicted it. It would have made a lot more sense to invest in pollution control devices and improvements in the Sudbury basin rather than Guatemala and ESB, but that is another issue.

Mr. Chairman: We won't go into that today.

Hon. F. S. Miller: I do not think you and I are disagreeing fundamentally on what we are after. We accept the fact that any real increase in any person's take-home pay depends upon our economy becoming more productive. Our economy's productivity in large measure depends upon investment in productivity-improving devices and a factor that we often do not talk about, which is the attitude of those of us who are in society contributing at all levels, management and labour.

I was intrigued by a comment in Barrons magazine last month. I think it was Barrons, I may be wrong on my magazines. It was an article on the sale by General Motors of the Hyatt roller bearings factories in New Jersey, a

company that was losing a great deal of money for the GM division. They put it on the market for \$100 million and there were no takers. General Motors finally sold it to the employees for \$37 million and then virtually gave them back \$50 million worth of inventory as a gift and gave them easy terms to pay. There were 1,200 people employed.

The union in charge arranged the deal, made sure that every employee had exactly the same share of the company, which was interesting. It is a variation on a theme. Then they rehired 800 people instead of 1,200. The answer to the question "Why?" was, "We could understand that GM could absorb inefficiencies but we cannot understand that ourselves." I guess we are facing that problem in a lot of places—

Mr. Sargent: Why don't you try that for government, because they say that about government too?

Mr. Wildman: It's an indication of how inefficient private enterprise can be.

Hon. F. S. Miller: Sure, I am not arguing now. I am not even arguing that. I have great faith in workers' ability to understand productivity when they participate in it. I am a great believer in their participation in profits—

Mr. Wildman: You are speaking for industrial democracy now, are you?

Hon. F. S. Miller: Industrial democracy, but in my way; which means ownership of equity by yourself, with your money, not the state's money.

Mr. Wildman: I don't want to monopolize the time on this vote but can I ask you a couple of specific questions related to your relationship with the federal budgetary policy?

Hon. F. S. Miller: You know that Ontario has been very cautious this time for a couple of reasons; the first was the perception that was created on budget night. I had been burned a bit the first time Mr. MacEachen spoke, although even then we took 48 hours to respond. This time we have been gathering strength as the weeks pass.

Ontario has made three written responses through me. The first the day after the budget, which was pretty mild; the second roughly a week after the budget in the House; and the third at the finance ministers' meeting to a minor degree. We are going to be making a fourth and major one this coming Monday when the finance ministers meet in Toronto. The 11 ministers will be here Monday and Tuesday.

While that meeting is called not to discuss the

contents of the budget, really, it is to prepare for the first ministers' meeting on the economy and I suppose to carry on the discussion of fiscal arrangements, the established programs financing, et cetera, and economic outlook—we have an especially dark room for that. As part of the program, we will get to the nuts and bolts of that budget. Ontario intends to talk about it anyway. The budget has good parts in it. We cannot argue with a government that is reducing a deficit, because that is part of our belief.

The questions are, "At whose expense; how did it do it and at what time?" When people say to me, "Why didn't you balance your budget?" I always answer: "I could have in the last three years." It was always possible, but we went within two per cent of balance. We looked at the economy in each of the last three years. There has been less than a buoyant economy during most of that period. The question is, how much does government tax at a time when the economy is sliding.

9:50 a.m.

The feds got their something like \$4 billion worth of reduction in cash requirement, 110 per cent from oil revenue. It is 110 per cent because they increased their spending faster than their oil revenues, then cut their transfers to the provinces. In effect, what they have done is not constrained their spending at all. On their own account, they have increased it. I call it manana country down there, because it is always next year they are going to constrain budgets. They talk about it every time they stand up but they do not do it.

I would argue that deficit reduction has to be carefully tailored for the economy. Either at the time of writing of that budget, or—and it is hard to believe—since then, their predictions have been away off base. They certainly were wrong in their prediction of what was going to happen.

We had a meeting about September 30 with Mr. MacEachen at Meach Lake, a hard place to find. I got lost on the way to Meach Lake and ended up at Mr. Trudeau's house. I knew it was Mr. Trudeau's house because of the camera there that peers at you, not a human being.

Mr. Wildman: Margaret wasn't behind it, was she?

Hon. F. S. Miller: I seldom get angry, as I think you know, but I was actually angry at the meeting in advance of that, the private meeting the ministers had, because it was obvious to me that Mr. MacEachen had called us down there, allegedly for consultation in advance of his

budget, when he had already wrapped it up. Now if that was wrapped up in September, I would argue that he had done most of his work considerably earlier and that he simply has not adjusted that budget since then. It no longer reflects the realities of the economy, it is reflecting what somebody in the middle of summer thought it would be. Fair enough.

Second, a set of thoughts that seem to have much greater influence than they should within the ministry is that this is a good time to get everybody who saves money and invests in this economy.

Mr. Wildman: Okay, I will just make one comment, and I have a couple of specific questions for you to answer, if you can.

Again, you are emphasizing restraint at this level, restraint at the federal level. We are not against restraint per se, but surely at a time of high inflation a restraint policy by government basically hurts those who are most vulnerable in the economy.

Hon. F. S. Miller: Okay, that is part of the story—at a time of a poor economy, not at a time of high inflation. We have argued—

Mr. Wildman: Or at a time of high unemployment.

Hon. F. S. Miller: We have argued consistently that monetary policy by itself, which has been the major instrument that has been used by the federal government to constrain inflation, would not work. In addition to monetary policy, you have fiscal policies that complement the monetary policy. I would sense the first indication that was going to happen was in this last budget. On that score, one would say not it was totally bad.

The question then is, did he really save taxpayers' money through reductions of spending, or did he transfer taxing responsibility. Our argument is that he transferred taxing responsibility; and secondly, that he chose a very bad time to do some of these things, because of the generally poor economy.

While we laud his basic objective of bringing in fiscal policy to try to balance monetary policy, his timing was lousy, and he really did not do it. He really transferred off something. Brock Smith might want to comment.

Mr. Wildman: Obviously, we are not going to have a meeting of minds on this, but it is our position, as you well know, that at a time of high inflation, high unemployment, rather than emphasizing a restraint policy, even with the kind of caveats you put on it, what we need are creative

spending policies by government in order to stimulate the economy and produce employment; the kind of innovation that will help to increase productivity in the economy.

Hon. F. S. Miller: On that score, and that comes with the next part, items 1 and 2 of vote 904, I do not think our actions would disagree with some of your objectives. The question is, do you see what we did as being adequate? I am sure you will.

Mr. Wildman: The Board of Industrial Leadership and Development? Are you kidding?

Hon. F. S. Miller: BILD has a vote and item all by itself, so I think we should save it until then.

Mr. Wildman: We will leave it. I have intentionally not dealt with it.

Hon. F. S. Miller: It is a question of how one sees government's role as an interventionist in the economy. All across the summer the jungle drums were sending out a message that some major federal economic industrial strategy was coming. We had double agents and triple agents working on that. They all got double-crossed.

We drew nothing in the budget. I think you would agree with that. We had volunteered at one point to work closely with the feds, because no matter how much we may differ in terms of party I think it is the responsibility of orders of government to work together on the economy. For example, when ministers arrive here in Toronto next week, I will have little trouble talking to Mr. Tchorzewski of Saskatchewan about our problems, or he to I. Ideology does not interfere, nor should it.

But I would say we have not had the kind of co-operation or acceptance of the need to co-operate. We have had far too much: "We want to do our thing. You do your thing." To me that results in competitive programs that often are self-defeating. We attempted to get their co-operation with BILD. We will talk about that in a while.

I sense now they perhaps are changing. I do not know. On Friday, I had a call in my riding from Senator Olson who headed up the committee looking into that. Mr. MacEachen is the chairman now. I talked to Mr. MacEachen about it when we were last in Halifax. I said: "We have eight ministers in BILD and you have four or five in your economic development policy. We are having great trouble talking together. Surely a major responsibility of our governments is to work together and try to resolve some of these things so that we do not work at cross purposes."

I do not think there is going to be a great deal of trouble working on that, but it is still in the future.

Mr. Wildman: Are you at a point yet where you have been able to calculate what the tax changes in the federal budget will mean to Ontario and its fiscal situation?

Hon. F. S. Miller: I think I should ask Brock Smith to answer that. He may have some quantification.

Mr. Smith: The short answer is no, we have not yet made a complete calculation of the impact on Ontario. We are working on it.

Mr. Wildman: Do you have any kinds of projections or any idea what effects it will have?

Mr. Smith: In a general sense, it is still difficult to comment because Mr. MacEachen has already changed one aspect of it. Until the ministers of finance meeting is over, we are not sure other areas might not be changed. It takes time to assemble all the information. We still must rely on the federal government, on the Department of Finance for much of it and then plug it into our models to make an accurate calculation and so on. As yet, we do not have a good fix on it in terms of our own figures as to what it will mean to Ontario.

Mr. Wildman: A matter was raised with me by the representatives of the two union locals at Elliot Lake on Monday when I was there. They are very concerned, as I am sure many are, that housing allowances, subsidized housing and company housing, are now going to be taxable. They are concerned about the effects this is going to have on people living in communities in the north like Elliot Lake, where one of the major ways of attracting workers is subsidizing housing. They asked me to raise it with the Treasurer of Ontario, because they felt he would benefit from this additional revenue as well as the federal government.

10 a.m.

Hon. F. S. Miller: You have brought up an interesting point. The key principle that I think was wrong in Mr. MacEachen's predictions of changes in provincial revenues was that he allowed for that kind of thing. He said: "If I have done something that increases your revenue in your own controlled taxes, then I in effect can take credit for it."

That is quite a departure from traditional budgetary statements. He also built a whole bunch of projections which, as Brock Smith said, are hard to assess as to what happens to the

economy and therefore as to what happens to Ontario's or Quebec's or whoever's revenues apart from his predictions of reductions.

If you go to the budget papers, on pages 854 and 855 of that document there are three tables: gross improvements, gross reductions and nets. It is none of his business to do that. What the heck is the use of my having a tax regime if he is going to be the one who takes the credit for what happens in it? Does he know whether I am going to increase or reduce sales taxes next year? Does he know whether I am going to eliminate the ad valorem tax or double it? Quebec just doubled it.

Mr. Wildman: You do not even know, do you, Frank?

Hon. F. S. Miller: No, of course I do not. For him to have—what is the right word, Brock? I know you would not use an improper word. He has the audacity to interfere in provincial fields. Quebec can get quite exercised about this. He excised some of their money.

They go through a lot of arithmetic and drama in the process. It is quite interesting. He really had no right to do that. There is no use having two tax regimes and then taking credit for what happens in mine and saying, "because that happened I don't need to give you any more money."

Mr. Wildman: Can you give us some indication of what additional revenues have accrued over and above what you projected as a result of the energy agreement this summer?

Hon. F. S. Miller: Brock Smith could probably give me those. Do you have the Ontario Finances beside you? The last figure I saw for our improvement this year was \$42 million from the ad valorem tax.

Mr. Smith: It is \$44 million, and \$9 million if we define what it would be for fuel tax as well.

Hon. F. S. Miller: It is \$53 million altogether over our original budget predictions.

Let me point out something for the record. Ontario was province number eight to go to an ad valorem tax. You know that. Has Nova Scotia gone to it yet or has it brought out its new budget yet? If they are not on ad valorem after the next budget, I will be surprised. I do not think there is an alternative for the provinces any more. The question is, how frequently is one going to change nominal rates to reflect inflation and one's overall budgetary needs?

One of the big balancing acts I have to do each year in the prebudget period is to make the appraisals of what has really happened to

income flows, looking at my net cash requirements and then making whatever adjustments I can in rates to bring me to whatever cash requirement I predict is justifiable.

The idea that because I have made \$53 million more in fuel taxes in total this year than was predicted in the budget somehow means I have that stashed in a corner is wrong. I still have a major cash requirement that is growing faster than that \$53 million.

If you recall, I made a statement in Sault Ste. Marie, I think in September, pointing out that the direct operating cost of the government grows about twice as fast as the increase in ad valorem tax, based only on incremental changes in oil prices. The price of whatever one wants to have that is petroleum based, from tar and highway paving to the trucking of anything, the heating of any buildings and the purchase of anything with a plastic base, escalates far faster than our revenues do, so it is not a net gain.

Mr. Wildman: What are you predicting will be your gains as a result of the agreement from next year to 1985?

Hon. F. S. Miller: I think you will have to turn to Brock Smith for that. I could give that off the top of my head. I gave that in a September release. It strikes me it was about \$150 million or something of that order. The increase in expenses was between \$300 and \$400 million. If in doubt, look at the September press release.

Mr. Wildman: I will pass to someone else. Is it within this vote to talk about established programs financing or would that be better under the next?

Hon. F. S. Miller: I do not know where it comes up. Let us take a look and see. I do not know where else you are going to talk about it.

Mr. Wildman: I will let someone else go ahead. I will have some questions on EPF later.

Mr. Chairman: I think we would like to work it in rotation so that everybody gets an opportunity.

Mr. Sargent: I am filling in for our Treasury critic—

Hon. F. S. Miller: You are a marvelous replacement, I want to add.

Mr. Sargent: You might not agree with that when I am finished.

Hon. F. S. Miller: Eddie, you would not.

Mr. Sargent: I am amazed at the friendly camaraderie. These debates used to be blood and thunder. Your charm is smoothing everything over.

Ms. Bryden: That will end now.

Hon. F. S. Miller: Having said that, the last time I wished him happy birthday he hit me over the head.

Mr. Sargent: Friendship ceases when one gets into this business. You have a tough job. I read Business Week religiously and the first page colour section in Business Week tells one the bottom line position of the economy in the free world. They project that in the next two quarters it is going to be disastrous. I look at the approach you are taking to the economy here. This morning I had a breakfast meeting with the forestry industry and housing starts are down disastrously. Fifty per cent of them are out of business in the lumber business. It is generally pretty bad.

You say in your efforts to try to stimulate the Ontario economy into recovery you went into the BILD program. I know you have a special vote for that, but I am concerned about this point: many programs in the original BILD document are not mentioned in the update or have not been given final approval, and these include the auto parts technology centre, the microelectronics development centre, manpower training during economic downturns, apprenticeship programs in the Ontario public sector, et cetera.

Included in the BILD program which you have foisted upon the public of Ontario, you are still using old money that you announced before, like the Toronto convention centre, \$27 million; the Ottawa convention centre, \$10 million; radial road improvements, \$125 million; the intermediate capacity transit systems in Hamilton and Toronto, \$180 million; and the biotechnology centre, \$30 million.

You have all these previous commitments built into the current BILD program which negates any stimulation of the things I mentioned before that we need, such as apprenticeship training in microelectronics, the auto parts technology centre because of the car business, et cetera. It is catastrophic to think you are going to be realistic in the BILD program on the five items I mentioned on which you have made previous commitments. I would like you to tell me what is going to happen to our economy if you do not get on to these things that need development.

Hon. F. S. Miller: Most of your comments related to BILD and we will be coming to that vote and item shortly. I will be glad to have whatever lengthy discussion is needed on BILD at that time. I can only tell you that progress is

real in establishing those centres. The centres promised in the BILD document will be established very shortly.

Mr. Sargent: Why do you not level with the people and say you have these previous commitments that are part and parcel of the BILD program? You are going to look after those things first. How in hell are you going to do these other things if you spend all that money on past commitments?

Hon. F. S. Miller: Which past commitments do you think are going to interfere?

Mr. Sargent: Is the Toronto convention centre going to go through? It is \$27 million.

Hon. F. S. Miller: Sure it is.

Mr. Sargent: And \$10 million for the the Ottawa convention centre?

Hon. F. S. Miller: Sure.

10:10 a.m.

Mr. Sargent: The improvements for radial roads, \$125 million?

Hon. F. S. Miller: Already under way.

Mr. Sargent: And \$180 million for the intermediate-capacity transit systems in Hamilton and Toronto?

Hon. F. S. Miller: That really is the Board of Industrial Leadership and Development. Perhaps I can get you to hold off until we get to BILD, because I want to have Mr. Tully up here to talk details. Yes, those things are all there, but they are not either/ors; that is what I am trying to point out.

Mr. Sargent: What about things that are important to the current situation in the economy, like the auto parts technology centre?

Hon. F. S. Miller: No argument, Eddie. I can create an auto parts technology centre tomorrow morning; but if it happens it is still going to be two or three years, I think you will agree, before it becomes of much real use to the industry. First, you have to create it. Second, you are going to have to staff it. Third, you are going to have to get an awareness among the users of its value and establish its working relationship with its customers.

Mr. Sargent: But you are saying it is three or four years down the pike. People are not going to survive that long.

Hon. F. S. Miller: I have to argue, as we have in the House, that we have short-, medium- and long-term problems. The traditional criticism has always been that we never deal with anything but short-term problems. We have

never tried to paint the picture that BILD was a short-term fix; for a change, it was attacking long-term problems.

Sure, there are short-term benefits. The \$25 million you just talked about in radial roads, under way this year, created jobs at once. I do not know how many jobs \$1 million creates in roadbuilding. I am sure the Minister of Transportation and Communications (Mr. Snow) could tell me quickly. One million dollars, because it is very heavily labour—

Mr. Sargent: They would be done anyway, would they not?

Hon. F. S. Miller: No. This was absolutely incremental. He will tell you his real problem.

Mr. Sargent: Is the parkway involved in this?

Hon. F. S. Miller: Why was BILD involved here instead of in a normal ministry budget? That is the first question you should ask. Why did we not just give the Minister of Transportation and Communications \$25 million more in the regular allocation process and say, "Go out and build roads"?

A part of the strategy in BILD was to improve transportation networks to aid industry. In the priorities of the Minister of Transportation and Communications as to what roads need upgrading, be it Highway 11 between Atikokan and Fort Frances or wherever, he would probably have said there are certain roads he would build with his present budget, from a straight engineering approach. We counter to say there are certain roads needed to improve the speed and efficiency of the handling of goods as opposed to the normal and more general—

Mr. Sargent: Boil that down. You have \$400 million here now, almost four tenths of \$1 billion committed now in the BILD program. How much are you going to spend in the BILD program?

Mr. Chairman: Can we just try to stay away from BILD for a moment and get on to pretty well everything else under vote 903?

Mr. Sargent: I will accept that. All right, I will leave that now.

You are going to knock the hell out of the hotel and tourist industry now. You are going to put on that seven per cent tax. You and I must know the serious position the industry is in. We are spending millions of dollars in tourism redevelopment incentive program in the Ministry of Industry and Tourism on this area.

I say it kindly, but you personally put through a \$500,000 loan for a guy up there in Bala Bay. It was announced three days before the election.

You got credit for it. It was turned down before. The thing went broke, as you know, Frank. It went broke about a week or so ago. They owe \$400,000. It closed up. That was a political loan.

Hon. F. S. Miller: It was not a political loan.

Mr. Sargent: How did it happen it was turned down before and you got it through just before the election?

Hon. F. S. Miller: Let me clarify that. It was not a political loan. I am very keenly aware of that one. First, did I take credit for it? Of course I did. Do you not take credit for everything that happens in your riding?

Mr. Sargent: That God-damned place did not have any foundation; it was a piece of crap. They got a \$500,000 loan. They owed \$400,000 yesterday.

Hon. F. S. Miller: You are wrong there. Let me go back and correct the record.

Mr. Sargent: Read the story in the paper up there.

Hon. F. S. Miller: I happen to know the details. The Bala Bay Inn, like many Muskoka hotels, was built many years ago. Unlike many, it is in a position to operate year-round. I have two where you could not even begin to winterize them, and I am sure most Muskoka resorts are of that nature.

The tourism redevelopment incentive program, and I have to say I was the author of it, and am proud to be, was aimed at helping a capital—

Mr. Wildman: The member for St. Andrew-St. Patrick (Mr. Grossman) takes credit—

Hon. F. S. Miller: He is the minister; he quite properly is entitled to that. I think you will find, if you go back in history, that economic development was one of my responsibilities.

It was an attempt to help an industry that was on the ropes but was necessary. It was something like the farm industry: people are not necessarily willing to pay the price, but they need the service. It has a number of elements common to the farm industry. You do not have to buy it, where you have to buy food, agreed; but you can switch your preferences. People do not have to take holidays in Ontario. They can go to the United States, they can go south, they can go anywhere. It hires a lot of labour; you know that. Labour costs have been increasing, proportionately, very quickly.

Mr. Sargent: Frank, I am not going to go into any problems, but I am in trouble too on the damned thing. The thing is, where has the

money gone? They spent \$900,000, down the drain; and the place is closed up in seven months.

Hon. F. S. Miller: Let me give you a little background on what the program is doing so you can put it in perspective.

First, government is never called upon to be involved if there is easy money and the project is certain to go. The very purpose of the Ontario Development Corporation, the tourism redevelopment incentive program and other government programs is to provide high-risk, marginal money—money other lenders are not willing to risk. If it were not so, we would not be there. Therefore, our failure rate should be considerably higher than normal lenders. Do you buy that?

ODC would argue it has a 92 per cent success rate. I would say that is the biggest indictment of ODC I could give. ODC's success rate should be about 50 or 60 per cent, if it is really at the level where it is taking the risks that it was designed to take. I do not know whether it is really 90 per cent, but some people have used that figure. I suspect it is closer to 60 per cent if we ever called the loans.

The fact is, we do not lend that money under the tourism redevelopment incentive program. In most instances, it is lent by private lenders who make their own risk appreciation of the investment. That was true in this case. I am told that something like \$800,000 was invested in that property. I know they went to a traditional lender; I think it was the Bank of Montreal but I am not sure of that, I could find out.

They put up some \$200,000 of their own money.

Mr. Sargent: No, equity. They did not have any money, just equity in the present property.

Hon. F. S. Miller: I would have to get ODC's records; I am not sure.

Mr. Sargent: I would check into it. I do not think you would make the loan again. What are you knocking the hell out of the hotel business for? As Chuck Burton says, you break your ass to help the automotive business but you are knocking the hell out of the most important thing in our economy in this area, which is the network of hotels.

Hon. F. S. Miller: Look, they have had I do not know how many years—three years—without sales tax.

Mr. Sargent: It does not matter. How can you play favourites with the automotive industry and not the hotel business?

Hon. F. S. Miller: Just a second now, Eddie. I have given them three years with no sales tax and one year's notice of change. Do you agree that I gave them one year's notice of change? Did I?

Mr. Sargent: You are playing games.

Hon. F. S. Miller: On November 13, 1980, I stood up and said that effective January 1, 1982, the sales tax would go back on. It is in the mini-budget, as stated. Why one year's notice? Seldom do I give that kind of notice. I did so in this case because the hotel industry says it must know when tax changes are being added so they can adjust their rates and let the people in the profession know.

One day, November 26, 1981, the hotel group came to me with a bulletin set to go November 27 and said, "I am sorry, we do not agree with this." I said: "Look, a year ago, I told you it was going to happen. I have to look at all the industries around. I have to ask each to bear its burden." I have to tell you that in the resort industry, the tax will not be a burden; it will be in the hotel business, where there are conventions. It will not be in the resort business.

Mr. Sargent: Where do you draw the line?

Hon. F. S. Miller: I will tell you where you draw the line: where you prepackage and sell as a set price tour a whole package to bring the Shriners to Toronto, or company A's convention; and they go out and market potential locations like Florida, Ontario, British Columbia—you name it. Then tax does interfere with competitiveness. I accept that. So do other things.

10:20 a.m.

How many hotel chains add 12 per cent for gratuities to the package? They do, do they not?

Mr. Sargent: I do not know.

Hon. F. S. Miller: Quite a few packages do. I do not know whether you ever sold package tours. I got into them this year, and I learned one can lose money selling package tours. I just had a big supplier go bankrupt, thank you. All I know is that they do very well on them and that they cover the basic costs.

Is Ontario competitive? I think it is. I have to say that the industry, which we have been trying to help, fundamentally through the tourism redevelopment incentive program and through ODC, whether I like it or not has to help pay the taxes of the province. It is one of my jobs to assess it.

There is no industry I like better than the tourist industry, none.

Mr. Sargent: Maybe, just maybe, you like the car business better?

Hon. F. S. Miller: No, the tourist industry is far ahead of it. I am not in the car business any more. I am in the tourist business; I have been for 22 years. I have to tell you that I would rather be able to reinforce programs to help them grow than eliminate a sales tax which most of my customers did not even know was not there until they paid the bill.

Mr. Sargent: Mr. Treassurer, the Ontario Economic Council is under this vote; what is the story on that?

Hon. F. S. Miller: The economic council is under vote 904?

Mr. Sargent: It is under vote 903.

Hon. F. S. Miller: No, there is a special vote for the economic council. Is it vote 906?

Mr. Sargent: I have it here. Ontario Economic Council?

Hon. F. S. Miller: Yes.

Mr. Sargent: What is the story about Mr. Kierans?

Hon. F. S. Miller: Can we wait? Can we get to vote 906 on that one?

Mr. Chairman: That is a separate and entire vote, Mr. Sargent. It is vote 906.

Mr. Sargent: We are talking about economic policy in that.

Hon. F. S. Miller: Yes, economic policy as opposed to the economic council. They are different things. Vote 906 is just the Ontario Economic Council.

Mr. Sargent: Is it your policy to have an economic council? Are you going to continue that?

Mr. Chairman: That is a good question. That is fair.

Hon. F. S. Miller: Yes.

Mr. Sargent: You are going to continue it. Is Mr. Kierans going to be the head of it?

Hon. F. S. Miller: No.

Mr. Sargent: Why not?

Hon. F. S. Miller: Because he resigned.

Mr. Sargent: Why?

Hon. F. S. Miller: He is too busy.

Mr. Sargent: He said he used his connection with the Treasury to put Suncor in business.

Hon. F. S. Miller: His very connection with Treasury probably cost him \$500,000 or more.

Mr. Sargent: It cost him personally \$500,000?

Hon. F. S. Miller: His company. I think if one goes into that deal—

Mr. Sargent: Which company?

Hon. F. S. Miller: McLeod Young Weir.

Mr. Sargent: Oh, he is president of that. He resigned from the council to be president of McLeod Young Weir.

Hon. F. S. Miller: I think he was president before he resigned but I will not—

Mr. Sargent: I see.

Hon. F. S. Miller: Somewhere in the process, he declared a conflict and waived the commission, the finder's fee. That is a matter of record, and I believe that would have been more than \$1 million.

Mr. Sargent: Will you please say it again? I missed that.

Hon. F. S. Miller: Somewhere in the process he declared that he had a conflict, that he could not request the normal finder's fee for his company—

Mr. Sargent: Which was about \$6.5 million.

Hon. F. S. Miller: It was high; it was in the millions of dollars.

Mr. Sargent: Yes.

Mr. Wildman: But is the firm on a per diem to the government?

Hon. F. S. Miller: I do not know. I have not the foggiest idea. For the specific tasks it undertook, which were reported in that letter, it was being paid time and material, I believe—almost like a lawyer would be, but it was a much lower fee. I think those were all stated in the Ministry of Energy budget.

Mr. Wildman: Oh, sure. I will accept that. And they are on a per diem rate.

Hon. F. S. Miller: They were paid for their services, yes. As professionals.

Mr. Sargent: Did McLeod Young Weir act for the Ontario Economic Council?

Hon. F. S. Miller: Pardon?

Mr. Sargent: Was McLeod Young Weir retained by the Ontario Economic Council?

Hon. F. S. Miller: No, the Ontario Energy Corporation.

Mr. Sargent: Do you know how much money we pay McLeod Young Weir a year, as a retainer?

Hon. F. S. Miller: We do not pay them a retainer, to the best of my knowledge.

Mr. Sargent: How do they get paid then?

Hon. F. S. Miller: They were paid, I believe, a fee for service, like you would pay a lawyer who performs a duty for you.

Mr. Sargent: What would be the offsetting factor between—you had me kicked out of the House on this; you would not answer me—\$6.5 million and their fee?

Hon. F. S. Miller: Before I answer that, can you clarify—

Mr. Chairman: What is this all about?

Mr. Sargent: See, that is how he gets away with this. What are the offsetting factors, Frank?

Hon. F. S. Miller: First, I am quite willing to discuss this, Eddie, because I was going to anyway. I can safely say it is the Ministry of Energy's area, because it was through that ministry that these arrangements were made, not through Treasury.

I, as Treasurer, was involved right from day one. I can never deny that fully. I will not say I was fully aware, because I was not involved in the kinds of things you think I would be—that is, the day-to-day discussions and negotiations—but I was always kept abreast of what was happening and the general principles of what was happening.

Mr. Sargent: Although you were opposed to it.

Hon. F. S. Miller: I am not saying that, Eddie.

Mr. Sargent: You said in the House you were.

Hon. F. S. Miller: No, I never said that in the House.

Mr. Sargent: Previously you said you were opposed to it.

Hon. F. S. Miller: Your leader read back some very well-thought-out prose—

Mr. Sargent: That would be very true if he said it.

Hon. F. S. Miller: You are straining credibility on both sides here now. He read out some well-thought-out prose I offered a year before in response to the federal national energy program. I think that was what he was saying. He was simply saying, "How could you have said that last year and support Suncor now?" That was really the gist of it.

The fact is, we had two companies—you know them both; I think they both appeared before your caucus—who, as experts, had certain functions to perform. In the one case, I believe, and my deputy can confirm this better,

McLeod Young Weir in effect became our professional negotiators, just as you would hire negotiators in a major union-management negotiation; you hire people who are expert in the process, expert in evaluating the facts. As politicians, our duty was simply to decide, do we want to buy it and is the price right? We consciously made the decision we wanted to buy a company and we chose Suncor.

Mr. Sargent: Why McLeod Young Weir? Why them?

Hon. F. S. Miller: I couldn't answer that any more than if you said, "Why Dominion Securities-Ames?" It happened to be that was the company hired, based upon our appreciation of the knowledge of people like Mr. Kierans, who, I think you would have to agree, is expert in that field.

Mr. Sargent: In a full-page story in the Toronto Star he took credit for setting the whole deal up.

Mr. Wildman: Did he initiate it? Did he approach the Ontario Energy Corporation?

Hon. F. S. Miller: I think it is safe to say that Mr. Kierans did not initiate it. It is safe to say he was just like any other professional who was contacted and given a task. In fact, I think it is safe to say that wasn't the first deal we talked about. We rejected at least three before we got on to Suncor.

Mr. Wildman: Yes, but did he initiate the proposal to make a purchase in the oil industry?

Hon. F. S. Miller: No. In fact, if you were to ask me who did, within government, I don't know that I could answer that, because I really am not sure whether it came from the Premier, from the Minister of Energy (Mr. Welch), from the Ontario Energy Corporation, from the deputy minister or who.

Many government policies are hard to tie down if you want to say who the initiator was. I really couldn't answer that. I think it is academic anyway. It certainly was not from outside. He responded to our request. I think all that is perfectly true; obviously it is, if I said it.

Mr. Sargent: The article in the Star said that Suncor and the energy corporation shared the same building and—

Hon. F. S. Miller: My deputy has just confirmed to me something I said, and that was simply that Mr. Kierans is acknowledged as an expert in the oil industry and he has put together many deals. His expertise in that area is acknowledged as being the kind we were after.

Mr. Sargent: Do you think, because Sun Oil couldn't peddle their products, that they had to get Canadianized; so they came to Kierans and he set the deal up for them because he had inside tracks?

Hon. F. S. Miller: No.

Mr. Sargent: Was the article wrong when it said they shared the same office building and it was a washroom deal decided between Kierans and Sun Oil and the government?

Hon. F. S. Miller: I don't think they share the same office building. I think the Ministry of Energy shares the same office building, and you might have found the deputy and Mr. Kierans sharing the can at the same time.

Mr. Sargent: You have not answered my question. What is the offsetting effect between \$6.5 million and the fee they are being paid?

Hon. F. S. Miller: A finder's fee is something like a commission. You understand that. There was, to the best of my knowledge—

Mr. Sargent: A brokerage fee, I'm talking about.

Hon. F. S. Miller: There was no brokerage fee paid.

Mr. Sargent: That is the point, that there was no brokerage fee paid. Why wasn't there? They were entitled to \$6.5 million.

Hon. F. S. Miller: Whatever the dollars were, I don't know. I know they were entitled to a finder's fee under the normal rules of business, like you would be if you set up a mortgage or sold a house.

10:30 a.m.

Mr. Sargent: Why didn't they take it?

Hon. F. S. Miller: They did not take it, and I think this is a testimony to Mr. Kierans's personal character, because he felt his role in a number of respects with this government would have allowed him to have had a preferred position. Therefore, he did not take it.

Mr. Sargent: Now look—

Hon. F. S. Miller: That is just the opposite of what you are trying to paint. The guy did not take money because he knew us.

Mr. Sargent: No, he did not, but he ended up as president of McLeod Young Weir.

Hon. F. S. Miller: But he was president before this.

Mr. Sargent: Because he had set up the deal previously.

Hon. F. S. Miller: No, no.

Mr. Sargent: That is what the article said in the Toronto Star. It is totally wrong, is it?

Hon. F. S. Miller: If the article in the Toronto Star said that, it is totally wrong.

Mr. Sargent: Okay. We had them appear before our caucus, and our caucus told them we would have the committee come to us, and specifically that Mr. Kierans was to appear. At our caucus meeting I asked where Mr. Kierans was. They said he was sick and he was in Newfoundland. Either one was a pretty good alibi.

Mr. Wildman: They go together.

Mr. Sargent: He did not have the guts to show up on a deal he steered which cost us a potful of money—I could use another word there too. I said it was a stinking deal, and it is a stinking deal, Frank. Here you are, going to wreck the tourist business with the seven per cent tax, but you can find \$650 million to give these donkeys down there for a company they couldn't peddle for 10 years.

Hon. F. S. Miller: We discussed Suncor at some length on day one, and I am happy to discuss it again. You can argue whether I was for it or against it, but that is academic. My government is for it. You know the rules of this business as well as I do.

Mr. Sargent: No, I don't. It is a hell of a way to run a railroad, I will tell you that.

Hon. F. S. Miller: Just a second now. The fact is, in the wisdom of this government, a decision was made to purchase the assets of Suncor. Put aside for a moment whether we should have bought any company at any price as a government and simply dwell upon whether, having decided to do so, we were taken to the cleaners and did we buy a good company. We were not taken to the cleaners, and we bought a good company. It is as simple as that.

Mr. Sargent: I will leave it at this: you still have not told us the offsetting effect between \$6.5 million and their fee. I asked the man from McLeod Young Weir what their fee was. He said, "I don't know what our fee is," and he is the vice-president of the company.

Hon. F. S. Miller: It was published. I do not think I am hiding anything specific, I just do not know it; but I have an idea, and somebody may guide me, that it was in the range of \$250,000 to \$300,000. It was not a heck of a lot of money—

Mr. Sargent: You don't know what you are paying them?

Hon. F. S. Miller: Look, it is not out of my budget. As I understand it, it is out of the budget of the Ministry of Energy or of the Ontario Energy Corporation specifically. That kind of information would not be hidden. It is a government expenditure or a corporate expenditure of an arm of government, and I assume it is available. I have no reason for hiding it.

Mr. Sargent: Can you get that back to us?

Hon. F. S. Miller: I can do my best to find out. If I have steered you wrong and if it is classified, I will apologize.

Mr. Sargent: I am not suggesting you are steering us wrong, but I think we should know.

Hon. F. S. Miller: My belief is that you should know, and I have no reason not to tell you.

Mr. Sargent: One more thing, Mr. Chairman.

Mr. Chairman: Yes, go ahead.

Mr. Sargent: Mr. Treasurer, yesterday there was a report of the excess profits of the banks across this country.

Mr. Wildman: Excuse me, could I ask a supplementary on Suncor before you go ahead?

Mr. Sargent: Yes.

Mr. Wildman: The president of Suncor made a speech in Calgary recently where he said just because the Ontario government has purchased 25 per cent of a company does not mean they are going to have any influence on the operations of the company.

Hon. F. S. Miller: I just want to make a comment: that is what always happens when you go to the well.

Mr. Wildman: I wonder how that falls in line with the objectives stated by the Premier when he made the announcement. Besides the whole question of Canadianization, he talked about the possibilities of exploration in Hudson Bay, the opportunities for Ontario in terms of investment, equipment, innovation and those kind of things that were used as justifications for this purchase.

Now we have a statement made by corporate executives saying that just because you are a shareholder does not mean you are going to influence the management decisions in the operations of the company.

Hon. F. S. Miller: That was the gist I read in the papers.

Mr. Wildman: I read it in a release presented by Suncor.

Hon. F. S. Miller: You sent a speech to me,

and I admit I have not read it. I don't know what percentage of a corporation guarantees policy influence.

Mr. Wildman: It isn't percentage; it's control. It could be anything, depending on the numbers of shareholders.

Hon. F. S. Miller: No, no; control is a very hard thing to define. You know, if you go to General Motors Corporation, the last time I looked—that would be many years ago now—the largest single shareholder had less than two per cent of the shares.

Mr. Wildman: Sure. If you have widely distributed—

Hon. F. S. Miller: A year ago now I sold my interest in Santa's Village, which you love to kid me about from to time. I owned 18 per cent, and I controlled that company.

Mr. Wildman: Sure.

Hon. F. S. Miller: If you say I didn't, I am sure you are technically right, but when I wanted something to happen, it happened. That is what control really is.

Mr. Wildman: No, no; I am not debating that, I agree with that.

Hon. F. S. Miller: That was because 350 other people owned the other 82 per cent. Now in this case, when you have 75 per cent in one shareholder's hands and 25 per cent in another's, it is obvious the guy with the 75 per cent is in control.

Mr. Wildman: Right.

Hon. F. S. Miller: But the assumption that the 25 per cent does not have any influence is quite wrong. Influence as opposed to control is quite a different thing.

Mr. Wildman: Have you written to the president of Suncor and told him that?

Hon. F. S. Miller: Yes. You will have people on the board of the company. You will have people offering their opinions as our appointees to the board. Very often, a person on a board with a good idea can influence the whole board.

You will have changes in the ownership of the company with time. The company itself is committed to seeing the other 26 per cent sold for its own purposes. They stated that long before we came along. They wanted to get into Canadian ownership. I do not know what commitments it made to its shareholders and the government of Canada, but I believe there were commitments made.

Mr. Wildman: They were told by the Foreign Investment Review Agency two years ago.

Hon. F. S. Miller: Because of that, we knew they were a possible company up for grabs. We have stayed, so far, away from owning 51 per cent, because we do believe fundamentally that is the difference between state ownership and state participation.

Mr. Wildman: I agree with that.

Hon. F. S. Miller: I do not think it is academic. I think it is real.

Mr. Wildman: It is a difference I do not like.

Hon. F. S. Miller: Sure, but as a Conservative I would say that is a fundamental difference and one that is necessary. I would not like to see us own 51 per cent, and that may be read back to me some day, Eddie.

Mr. Sargent: But at no time, Frank, have either of the government consultants, Price Waterhouse or McLeod Young Weir, ever said this was a good investment for Canada, regardless of what you say.

Hon. F. S. Miller: But they were not asked to say that, and I do not think they should say that. You elect people to make that kind of decision.

Mr. Wildman: I just have one other question in relation to what Mr. Sargent said about a good investment. When they appeared before our caucuses, and specifically when they appeared before the NDP caucus, the representatives of the consultants basically said it would be many years before the return on the investment in terms of dividend would cover the interest charges.

When you are talking about a private investment, equity, the gains, assets and so on, those are increases that will not accrue to a government investment of this type unless at some future date you intend to sell, and that is not my impression.

Hon. F. S. Miller: That we are going to sell?

Mr. Wildman: Yes.

Hon. F. S. Miller: Who knows? I certainly would not want to leave the impression that we are going to sell, but you never know.

Mr. Wildman: Obviously, you never know when you are going to buy either.

Mr. Runciman: Mr. Chairman, I think the Premier indicated at some point that it was not the intention of the government to sell, something like the Petrocan situation. But I read the speech Hennigar gave too, and if he had given that in the United States, he would have been tarred, feathered and carried out on a rail.

Hon. F. S. Miller: Tell him about the Corporations Act and the rights of minority shareholders.

Mr. Wildman: I was interested in his comments about the new bottom line. In the Socialist party we used to call that socializing the cost and privatizing the profits.

Mr. Runciman: I think it raises a concern too about the fact—I have this in front of me; this is Hennigar and I am quoting him: "There is and must continue to be a clear difference between owning and managing. It is the role of government to shape policy and to ensure fairness, but managing an enterprise is something else again." I think that registers some concern with me as to the government's involvement in this and what it hopes to achieve.

10:40 a.m.

The other thing I wanted to get on the record is a quote in yesterday's *Globe* from Eric Schwitzer, vice-president of McLeod Young Weir, "If a client from the private sector had wanted to make the same deal on margin he would not have recommended the deal." They say it is a fair price for the shares but whether or not it is a good deal is a separate issue.

Hon. F. S. Miller: The key words there are "on margin." Again, I would agree, the element of risk to an individual on margin as opposed to the element of risk to a government on margin is quite different.

I would even have to question whether he has the right to say—actually he has the right to say anything he wants to—but whether he is right when he says he would not recommend it to any individual, because there are those individuals in the world who can afford to lose \$325 million, which is the amount on margin, and could be considered to be in a position to take that kind of gamble.

The first piece of advice I give to anyone making his first investment is buy some Canada savings bonds until you have some kind of equity. When you get some kind of a savings base, then start taking a few risks, then some wilder ones. The question is, at what point does one take what degree of risk?

I would argue that the risk is well within the capabilities of this province to sustain. We can argue again about whether we should have taken it; whether it fits in with our preconceptions of what our party stands for, or what government should do, all those kind of things. Again, can we afford to take the risk? Yes. Is the risk severe? No.

Mr. Runciman: I think Hennigar's speech raises further questions about what our long-term objectives in this thing were.

Hon. F. S. Miller: I guess I will go to my grave not being sure either. I do not know why any of us should be sure. Human beings make decisions, collectively or individually, that are not always easily translated into words.

Mr. Wildman: Which was this, a collective or individual decision?

Hon. F. S. Miller: In the government of Ontario, it matters nought.

Ms. Bryden: You mean the Premier decides.

Mr. Sargent: The bottom line is that this is the first time—

Hon. F. S. Miller: Wait. I have to get my advice; without advice I know nothing. Okay, I am now programmed.

Mr. Sargent: There are 600 small investors with common shares in Suncor. They have that stock. They cannot sell it. They cannot use it at the bank for collateral. They cannot get rid of it. Why can you not buy back those investors' shares at \$50 a share, the same price you are paying Suncor for their shares. There is this block of people—600 people—sitting there with all their investments—

Hon. F. S. Miller: Where do they live?

Mr. Sargent: In Ontario, and it is totally unfair that you can take public funds and bail out that company but we have 600 people here with investments in Suncor and they cannot give it away.

Hon. F. S. Miller: One, nobody bailed out a company.

Mr. Sargent: That is a matter of opinion.

Hon. F. S. Miller: If you talk about a Massey-Ferguson deal or a Chrysler deal the words "bail out" may be appropriate. When you talk about the Suncor deal, there was no such thing as bailing. The ship was floating and it was not leaking.

Mr. Sargent: Somebody is going to have to bail you out. It is going to cost you \$2.4 billion to service this debt.

Hon. F. S. Miller: What does a person's house cost over a lifetime in terms of forgiven revenue?

Mr. Sargent: I am not talking about—

Hon. F. S. Miller: Why would anybody buy a share of Bell Canada based upon the cashable ratios?

Mr. Sargent: Mr. Minister, you must know this is the first year that Suncor ever paid a dividend. So all of the money in dividends will be shipped to the south to pay the interest on this debt; the \$600 million.

Hon. F. S. Miller: I did not even know it had never paid a dividend. I was just checking.

Mr. Sargent: They never have. Even the preferred shares do not pay a dividend on Suncor in Pennsylvania. This is the first time, and that is part of your agreement, they will have to pay dividends. It is going to take all those dividends to pay the interest on it.

Hon. F. S. Miller: I have two or three investments, and I am sure you have too, where I have never taken a dividend. My hotel has never taken one. I have never worried about that as the single proprietor. I have been the shareholder. Up until now, Suncor has been the shareholder with the exception of this half of one per cent of the gross shares that you mentioned. How those people got in I do not know. I do not know anything about their history.

Mr. Brandt: It was a transfer, a two-for-one split on another oil company.

Hon. F. S. Miller: A takeover bid somewhere?

Mr. Brandt: Yes. Suncor purchased the outstanding shares of another company, the name of which escapes me at the moment, but it was a two-for-one split on those particular shares.

Hon. F. S. Miller: By the way, they have certain rights as minority shareholders. I think that is something one has to look at under the Corporations Act. I believe somewhere in the process the Securities and Exchange Commission was being asked to look at that. That is the proper place to have a look at it.

But when you are the sole owner of a company you really have the right to decide whether the money it generates is best reinvested or taken out and used for whatever purposes you may wish, including diversification.

Mr. Sargent: But we have no say in the operation of the company at all.

Hon. F. S. Miller: I reject that. I do not know how many people are on the board. I think we are putting on about four people.

Mr. Brandt: There are 11 now. It is going to 13, of which we will get four, I believe. They will drop, in effect, and then it will be nine Suncor and four of our people.

Hon. F. S. Miller: In any case, I would argue that the quality of those four people will greatly affect the influence we have on the company.

Mr. Sargent: So we will have to earn back more than \$100 million a year in dividends to pay the interest. Do you buy that?

Hon. F. S. Miller: Part of it.

Mr. Sargent: I have had too long—thanks, Mr. Chairman—but I want to say this. We have had this ripoff at the banks. It was announced yesterday that the banks had a 50 per cent increase in profits, compounding, piggybacking from year to year. We have the banks stacked against the economy. We have small business, big business, farmers, home owners, everything going down the pipe.

I am wondering if you would consider setting up a commission in Ontario as part of your economic strategy so that all of these different parts of the economy could file their shortfalls, their foreclosures, into one central office. We would get a ball-park figure as to what the hell is going on in this province, because we are shooting craps with destiny here and the free enterprise system is going to go down the pipes unless you take a massive step, an economic approach so that we have a handle on what is going on.

Hon. F. S. Miller: Mr. Bouey in Canada and President Reagan in the United States, as I mentioned earlier in this meeting, see as a measure of their success the failure of those companies. That is a stated part of their policy. Without the failure of all of those little companies and individuals they say they do not solve the problem of inflation. I am not arguing whether that is right or wrong. Therefore, the Bank of Canada is unalterably opposed to measures to support people who, in their present crisis, are losing their assets.

Mr. Sargent: I am talking about survival.

Hon. F. S. Miller: They say survival depends upon that process. Whether you or I like it, they are determined that economic and monetary policy must be such to force that to happen. That is the only reason for it.

We can get into a major argument as to the fairness of it being appropriate. I think it is fraught with risk.

Mr. McGuigan: They are measuring their success by the number of casualties.

Hon. F. S. Miller: That is right, they literally are. Of course, from an Olympian view they are right. They say the individual does not matter,

the system does. The system only survives if you prune out all these people who have for one reason or another—

Mr. Sargent: That is directly opposite of what I am trying to say. We should have concern?

Hon. F. S. Miller: I am not arguing with that. I am just trying to say that, knowing that is stated federal monetary policy. It is exceptionally difficult when we do not have any strings on monetary policy and we have resources that are relatively modest compared to the federal government. It is like paddling up the stream when you are on a waterfall.

Mr. Sargent: Could you not set aside \$500 million a year as a moratorium fund?

Hon. F. S. Miller: But you have to understand that they do not want that to happen.

Mr. Sargent: What do you want?

Hon. F. S. Miller: They want the casualties to result. I want the problem to be resolved, and I am deathly afraid they may be wrong. I have said that before. I say I hope to God they are right, because they are in charge.

At the same time, we have certain sectors within the economy that are being harder hit. Farming happens to be the principal one. In that area, I do not think there is any alternative but to find ways to help farmers survive.

10:50 a.m.

Mr. Sargent: What about small businessmen and big business?

Hon. F. S. Miller: You can argue about the adequacy of what Ontario has done, and I am not going to try and defend it as adequate, but there were steps taken to help three specific parts of the beef industry to survive a year and not to help their long-term problems. We just want to get them through the year. In effect, there was an interest subsidy, if you want to call it that, equally applied to those people whether they borrowed or did not borrow money. It was aimed at just what you are talking about.

In your area there were more dollars flowed into your particular county than any other county in Ontario. That is a fact. I will put Grey-Bruce together at that point. We can get you figures. I am sure the Ministry of Agriculture and Food can get you figures. But you happen to have a greater concentration of beef producers than anybody else do you not? I think you should see our figures some day.

Mr. Brandt: Could I ask a supplementary on that point, Mr. Minister? It concerns me that all too often monetary and economic policies of

the central government run totally contrary to either the philosophy or the thrust of the provincial government.

Let me back up for a moment. Your explanation to Mr. Sargent was that you perhaps do not agree with the casualties that are taking place in our economy as a result of the federal monetary policy at the moment as it relates to interest rates and other factors, and a budget that is less than stimulative in a time when businesses, in the broadest sense, are suffering. All people are suffering in a very real way.

Is it not possible at these conferences to sit down—I know this maybe sounds overly simplistic—and get the provincial governments and the federal government to move in a common direction where we may have to give up something in order to get something but where we march hand in hand towards an economic policy that makes sense for the country?

I understand the frustration of Mr. Sargent's question, but all too often you have a push and pull kind of situation going on where the provincial government may be stimulating certain sectors of the economy that are being artificially held down by federal policy. That, to me, seems extremely counterproductive and a tremendous waste of very limited, finite financial resources.

Are those kinds of things discussed at those conferences where you attempt to get some kind of a parade marching to the beat of the same drummer, or is it just a fact of Canadian life that we have always got to be pulling and pushing in different directions?

Hon. F. S. Miller: The nature of the political beast is that they will always oppose each other on a matter of principle, even when they know darn well they should not.

We gave a little lecture a while back on just what you are talking about, that Canada has to recognize an economic policy opposing that of the United States is counterproductive and will not have a major effect. You can go in a different direction but you probably will not achieve your goal because of the mass effect of an opposing policy in the United States, be it monetary or whatever, will overwhelm the Canadian scene.

Within Canada it is just as true that policies are most effective when they reinforce each other, but with 10 provinces all with slightly different ideas of how they should run their own affairs, sometimes emotions prevail when they should not, and you do not always have that

happen. Certainly the best results occur when one tailors one's policy to complement rather than oppose another level of government that is senior to you.

By the way, to answer a question raised by Mr. Sargent, the figures are on the record in Hansard for the fees paid to McLeod Young Weir. So that you can get them without having to read through it, Mr. Welch, on October 30, answered that McLeod Young Weir, Tom Kierans et al, for the period May 1 to September 12, were paid \$228,107.75.

Mr. Sargent: That is a crock. You know that, Frank.

Hon. F. S. Miller: I do not. If you can tell me how I can vary it—

Mr. Sargent: I say that respectfully, it is a real crock.

Mr. Brandt: Aren't you pleased he said it respectfully? He could have said it disrespectfully.

Hon. F. S. Miller: Mr. Chairman, may I have a two-minute break?

Mr. Chairman: Yes, certainly.

Hon. F. S. Miller: Does anyone else want a two-minute break? If you want to come with me, we could make a deal.

Mr. Kells: We have emptied the coffee jug.

The committee recessed at 10:56 a.m. and resumed at 10:58 a.m.

On resumption:

Mr. Chairman: The next speaker is Mr. Runciman, and he will be followed by Ms. Bryden.

Mr. Runciman: I have a couple of brief questions, Mr. Chairman. The Treasurer said Mr. Bouey and President Reagan had similar policies, and I think the Liberals in Ottawa would strongly disagree with that.

I personally think there are considerable differences between the Reagan approach, Reaganomics, supply-side economics, however you want to term it, and the Bank of Canada approach, the federal government approach. I think too many this year are perhaps too quick to criticize Mr. Reagan. He has only been in office for less than a year and he has to turn things around after approximately 35 years of following other policies.

Hon. F. S. Miller: I would agree. They are not

similar, but they have certain components that were. I was thinking of the monetary part particularly.

Mr. McGuigan: Have they actually stated what they believe?

Hon. F. S. Miller: I am not expert enough to tell you all the things Mr. Bouey has said on the record. Certainly I have heard Mr. Bouey, in talking to the ministers of finance in much more careful English, say what I said, which is that it is a necessary part of the process. What else is the reason? One increases the cost of money, one reduces the availability of money and one expects in the process that people will not be able to afford the price. Therefore, they will go out of business; therefore, they will reduce the demand; and therefore, there will be a reduction in the demands for increased wages, et cetera.

11 a.m.

Mr. Wildman: Except for Mr. Bouey—in regard to wages I mean.

Hon. F. S. Miller: I am just saying that is essentially the approach they were taking in that process. I am not arguing whether it is right or wrong. I am just trying to be an interpreter of what I have heard on this scene.

Mr. Wildman: Would you say that increase of Mr. Bouey's recently was just a bonus for his success in fighting inflation?

Hon. F. S. Miller: I am not going to make any smart comments, underpaid as I am, or over-worked.

Mr. Runciman: Mr. Chairman, I do not know if they are having the problems in the United States, but I do not think they are comparable to what we are facing in Canada. The interest rates are a little bit lower. In their last consumer price figures, projected on a 12-month basis, it looked like a five per cent inflation rate in the United States on a yearly basis, so I think perhaps things are improving in the United States. Of course, we have three more years of Mr. Reagan's attempt to turn things around.

My question had to do with Consolidated Computer Incorporated and the sale of the federal and provincial equity share in that company. I am curious about what prompted the provincial involvement, through what program, and I am wondering if the outcome of that particular involvement is going to affect their approach in the future.

Hon. F. S. Miller: I do not think that is within my ministry. It would probably have fallen

under the Ministry of Industry and Tourism in that the decision was probably made some years back. I believe you will find that the government of Ontario had guaranteed loans for something in the range of \$3 million to \$4 million. The federal government had guaranteed notes for something between \$100 million and \$125 million. We are guarantors as well and we converted some indirectly.

Mr. Runciman: Fifteen per cent ownership.

Mr. Tully: It was an investment by the Ontario Development Corporation in conjunction with the federal government and the equity came about when existing debts were converted into equity. That goes back five or six years. Subsequently, the federal government has been investing further funds in Consolidated Computer but the province has not.

Mr. Runciman: That 15 per cent ownership meant membership on the board of directors of CCI. Did we have any influence on the direction of the operation of the company?

Mr. Tully: Yes, there was representation on the board, as there was from the federal government. There was some attempt, particularly in the last couple of years when substantial losses were being suffered, to try to change the direction and management of the company. In addition, there were some attempts to get a greater involvement from Fujitsu, the Japanese company that has taken an interest in the company and an involvement. I think those relationships are still being worked out.

Mr. Runciman: They are still retaining their involvement.

Mr. Tully: Yes, up until the sale now, which will take the two governments out. Fujitsu will stay in and with that move will take over the interest of the two governments.

I am afraid I do not have the detail on it. You would have to talk to the Ministry of Industry and Tourism and the development corporation.

Mr. Runciman: In terms of how this would affect their approach in the future, should that also be asked of the Ministry of Industry and Tourism?

Hon. F. S. Miller: I think it is safe to say it probably will not affect it. There is a commitment under the Board of Industrial Leadership and Development which can be discussed when that vote comes before you, to take equity—or bridging equity I think is the term used, as you pointed out. I am not sure the word bridging was intended, but in any case equity in high-risk, high-tech companies.

Just as I mentioned to Mr. Sargent a few moments ago, when he was saying one hotel had gone broke in my riding and was asking if we should in fact take the risk in more hotels, I would argue that government is just not needed unless the risks are high. You are going to be taking some risks. The fact you are taking equity instead of debt is an indication of higher risk.

Our only reason for taking equity as opposed to the NDP's reason, would be that the risk was so high and the potential of paying any debt charges so low that any other form of investment in the company would be ridiculous.

Mr. Wildman: We would like to take equity in a company we know would make a profit.

Hon. F. S. Miller: Yes, we would rather take equity when we think we have a chance to create jobs and strengthen the economy but know we are going far out in doing it.

Mr. Wildman: Would you say your experience with this company is an example of the fact that you had equity and were not able to influence management of a company, as the president of Suncor was—

Hon. F. S. Miller: I could not meaningfully comment on that, but in general I would argue—and this may come back to haunt me—that governments are not in a good position to influence companies in which they own investments.

Mr. Wildman: Aha. That is not what you said a little while ago.

Hon. F. S. Miller: I am talking about competence to do that.

Ms. Bryden: The story in the Star last weekend suggested the problems with the company were a lack of accountability and long-term planning.

Hon. F. S. Miller: Can I say I really do not know anything about the company and it is not much use asking me any more about it. It is not in my estimates. It is not this debate. I think it should be asked of the Minister of Industry and Tourism (Mr. Grossman) whenever you get him.

Ms. Bryden: The point I wanted to make is if we had representation on the board, which presumably we did, surely our representatives should have been there just for that purpose, to get long-term planning and accountability. I would think any companies in which the Board of Industrial Leadership and Development invests or assists should have the same.

Hon. F. S. Miller: I want to tell you that long-term planning in today's economic climate is understanding what will happen next Monday.

Ms. Bryden: Mr. Chairman, I have a number of areas I wanted to discuss with the Treasurer. The first one is an area that I always raise with everybody's estimates and that is, how are you doing in your affirmative action program to improve representation of women in the ministry and also to improve the number moving into the higher management, administrative modules and to close the wage gap between men and women?

I noticed the latest report on the status of women crown employees, which is for 1979-80, shows that the women's average salary as a percentage of men's average salary in the ministry was 61.6 per cent in 1980. It had actually gone down from 62.3 per cent in 1979. That is the reverse of progress and indicates, to me anyway, that there is a preponderance of women employees in the low-paid jobs, if there is that much of a gap between the salaries.

I would like to ask the minister, does he have a full-time women crown employees officer?

Hon. F. S. Miller: I was expecting you might ask us some questions about the progress of women. My deputy was making the general comment that we promote them so rapidly that people steal them from us. However, we did even go this year to having the first names of people on the organization chart so that the sex of that person would be identified with fair accuracy. We have a few names that are interchangeable. Would you like to comment, Mr. Honey?

Mr. Honey: I did not hear it but I believe one of your questions—

Mr. Wildman: Is "Honey" one of the interchangeable names?

Hon. F. S. Miller: Only on a first-name basis.

Mr. Honey: I believe one of your questions was do we have a full-time women's representative. The answer is yes. I think we mentioned last year that we run the affirmative action program on a joint basis, with a woman representative from each of the operating divisions in the ministry meeting with the deputy minister. We kept that, but added a women's co-ordinator this year and she was appointed in June. So we now have a part-time women's co-ordinator. She works two days a week on affirmative action in the ministry.

11:10 a.m.

I believe you asked a question relating to wages. Comparing average salary increases for females as opposed to males, they have gone up 12.5 per cent over the last year or so, in comparison with 3.9 per cent for males. There has been a substantial rise in the floor as far as females are concerned.

Ms. Bryden: Is that because more of them are moving into higher administrative and—

Mr. Honey: Yes, I think so. While it does not show directly on our ministry organization chart, we did put it in the book. We were asked the question last year concerning names. A number of senior women appear on the organization chart, but it is also interesting as well that another dozen or so women are operating at the assistant director or senior adviser level, which is the next rung below a director.

So I think the ministry can report some significant progress in training women for responsible positions, not only in the professional group, but moving up through the management level as well. While they may not always appear formally on the ministry organization chart, they are on the next rung below that. What we have been doing over the last several years is training women to step right in to management positions.

Ms. Bryden: Do you have a target for raising the percentage in the higher—

Mr. Honey: Yes, in terms of the women crown employees office, we tried to identify realistic targets where we could move people in. For instance, we put the assistant director of the financial information accounting branch in as a target and we have managed to move a woman into that particular series.

We have put targets up at the next level below in terms of moving women into senior professional ranks and we expect we will be able to meet those. What we have tried to do is make a realistic target and an achievable target so that we do not show up with a nil result in the previous year, and keep our lines of communication open not only with senior management in the ministry but with the women involved.

Mr. Sheppard: Supplementary to that, I would like to ask what would happen if a man applied for that position and he was more qualified than the lady. Is that not discrimination if you hire the lady over the man?

Mr. Honey: You said if a man applied and he was more qualified—

Mr. Sheppard: Than the lady.

Mr. Honey: The answer would be that the man would get the job. We run on a competitive basis. I think the intent of the affirmative action program is in fact to get women into senior positions, to make sure they are well qualified, have the poise, the confidence, the maturity and the skills to win those competitions. It is true that in under-represented classes, if it were even you would tip the dice or the competition in favour of the women. If the man is clearly more qualified than the woman, then you go to the more-qualified individual.

Mr. Sheppard: Do you get a lot of applications for these positions when you advertise them?

Mr. Honey: I do not know what you mean by "a lot" but, for example, say we have a current competition for the director of legal services. There were 26 applications for that position. Some women were applying for that position as well.

Mr. Sheppard: Okay, that answers my question.

Ms. Bryden: I notice that in the audience, which is mainly staff, there are three women and about 10 or 12 men.

Mr. Honey: Four women; one is hiding in the back.

Ms. Bryden: But I think you still have a long way to go as far as bringing women into the ministry on any sort of equal basis. The women crown employees set a 30 per cent objective by the year 2000 for all modules and categories. Do you think that is feasible to achieve in your ministry? It is quite a long way away.

Mr. Honey: I am sorry, I did not hear the first half of the question but I take it the question was to achieve 50 per cent representation.

Ms. Bryden: Thirty per cent. That is a very modest—

Mr. Honey: Thirty per cent, sorry. Yes, that is by the turn of the century. The answer to the question is, in a ministry like Treasury I fully believe we can meet that. In part, I guess, it depends on the way women approach professional training because we are very heavily oriented in the professional levels in the ministry.

Over the last few years I detect a cycling as far as the entrance of women into economics and finance is concerned, more so in economics than in finance; but I anticipate that a professionally oriented ministry like Treasury will not have great difficulty in meeting that type of

requirement and training them. Whether they stay in our ministry is another question. They very often move out to good positions in the private sector or into other ministries. But I anticipate we will be able to meet those requirements.

Ms. Bryden: I think training is part of the key to it, to make the women in the ministry able to move up through additional training, as well encouraging ones from outside to apply.

Mr. Chairman: Excuse me, Tom Campbell has a comment on this.

Mr. Campbell: If I could add a word to that, I have been involved in this question in a number of different capacities, as part of the senior appointments committee of senior people within the government. There are very good prospects. We have done internal surveys that showed something like 80 per cent of the top people in the government are going to be turning over in the next 10 years. That is quite surprising. The statistics really shocked us when we did surveys in that regard.

Hon. F. S. Miller: That is assuming no elections.

Mr. Campbell: That is right; assuming normal attrition.

Mr. Wildman: It might be 100 per cent.

Mr. Campbell: There is no question that in the next 10 years we are going to need all the bright people we can get. We are going to have to have, in my view, aggressive recruitment and training programs for bright young people. Certainly there is a tremendous opportunity for all young people; women are going to get a share of that. It is not just a question of saying we would like to make a concession to women; we are going to need all the brainpower we can get, and women are going to have to play a very important role in that. I look forward to great progress.

Ms. Bryden: I would like to move on to the question of established programs financing and the federal-provincial transfer payment generally. As I am sure we all know, the federal government is proposing to cut back the revenue guarantee and possibly change the equalization payments. At the moment, they are not saying whether they are cutting back the EPF payments, which cover health and post-secondary education, but they have indicated that total transfers will go down by about \$5.7 billion to all the provinces and that Ontario's share of this

will be a net of \$1.1 billion, after you offset additional taxes that Ontario may get from the new taxes.

Hon. F. S. Miller: I think those figures, even by the federal government, are out of date. They revised all their figures.

Ms. Bryden: What are the correct figures as a result of the budget? This was prepared after the budget.

Mr. Campbell: They are still working on them.

Hon. F. S. Miller: All I can say is that I cannot give you exact figures. Of course, therein lies a tale. If I could give you exact figures, I would be delighted. But there is a set of assumptions in any set of figures that scares me even if we agree upon the figures. However, the federal government admitted in Halifax that the figures in the budget are wrong and understate losses to the provinces; specifically our figures went from \$1.1 billion to \$1.25 billion, as I recall, by their own estimate at that time. We would challenge even those latter figures as being accurate.

We will be into a numbers war. I guess we are in it right now. So far we have not resolved it. I think we should stick to the principle of what is happening rather than to quantify it because neither you nor I is going to know who is right. If we can both agree we are being taken to the cleaners, then we will be on a good step to start.

Ms. Bryden: Yes, what you say reinforces my point, which is that the province is facing a very substantial cut if these proposed federal cut-backs go through. I want to know what you are doing to make further common cause with the other provinces to oppose this, and to make a case to the federal government as to the effects of these cuts on social programs in Canada and on the attempt to maintain national standards. We in Ontario have supported equalization payments in the past, even though they cost our taxpayers money.

We certainly need to maintain equalization payments, not only at the present level but with an inflation adjustment in them each year, or a formula that allows for increases as a result of inflation, if we wish to maintain our national standards across Canada in services. That, I think, is one of the things that binds Canada together—the decision, more or less, to maintain national services.

11:20 a.m.

I know we have had round one of the meeting of the finance ministers, but I think the battle is just being joined. This province should be giving

leadership in opposing any change in equalization, any change in EPF, and making sure that these programs are maintained as they were designed, such as the post-secondary education program and the health program. What are you doing now to try to carry on this battle?

Hon. F. S. Miller: Ontario is the acknowledged leader in organizing the provinces. We have all agreed that statements made by Mr. MacEachen on budget night to the effect that he was not reducing transfers for health and post-secondary were, to say it kindly, deceitful.

History, as documented by people not aligned with any political party—as observers of the negotiation process leading up to the 1977 EPF agreement such as Stefan Dupré and Thomas Courchene, who watch the process with academic interest as reporters rather than as people influencing it, will tell you—and the lengthy quotations of Messrs. Trudeau and Lalonde, which I can get for you but which I am sure you do not want, shows that a negotiation was made in 1976 which, in its final stages, rolled previous revenue guarantees into an EPF package, giving both points and dollars to the provinces.

But at that time no distinction was made to differentiate them, and no attempt was made to predict that the sharing of unconditional dollars from there on should have any preordained percentage for health or post-secondary education, simply that it was a flow of funds to provinces to permit them to carry out their duties in running those programs, setting their priorities as they saw them within their provinces, and using these funds plus their own in the best possible way to effect those requirements.

All 10 provinces agreed it was sheer deception to pretend the removal of revenue guarantee components could be done now and pretend that it did not affect that deal. All 10 provinces opposed Mr. MacEachen's desire to make this reduction, in advance of setting even more stringent program requirements and preconditions for entitlement within programs which are alleged to be on the horizon.

We have argued that at the very least, and Ontario put this position forward, a full year's delay should be imposed. This would permit the normal negotiating time to occur so that we can see the package of program changes or conditions the federal government may wish to make, and allow us to carry out normal negotiations with the federal government to establish a fair sharing of those costs before they are done.

When we visited Mr. MacEachen in September, we asked him for the right to discuss EPF.

He said, "No, that is not going to be in my budget, but I will meet you right after the budget and we will discuss it." We asked him, "How can you put a budget in without discussing the biggest single item in your budget?" He said: "It is simple. I have taken the money out." That rather angered us. We said, "If it is not in your budget and you have taken the money out, what are we discussing after the budget?" He said, "We will negotiate the conditions."

Of course, that almost caused an uprising in the room. This was done with 10 ministers, no staff present at all. That has been the way. It was a unilateral decision without consultation on a matter that traditionally has had months of negotiation before changes were made. That is typical of this budget: unilateral decisions without consultation.

The 10 provinces, no matter what divides them in other areas, are firmly united. Ontario, as my deputy will say in a moment, has been working in the two weeks since we met in Halifax to prepare a position along with the other provinces. I sense we will be quite militant. They have final, unilateral authority to amend the established program financing by the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, but they do not have the right to change it dramatically without three years' notice.

I have argued that the removal of this so-called revenue guarantee component is so fundamental that at the very least it required three years' notice; therefore, they do not have the legal authority to do it. It would take a judge and jury to decide that, but I think it is a point that is not stretching fact too far.

Mr. Wildman: Are you prepared to take it to court?

Hon. F. S. Miller: I certainly am willing to consider it. For me to say bravely, "Yes," right now and find that my legal advisers tell me my interpretation of our rights is wrong would be foolish. I would not want an academic or Pyrrhic or whatever type of attack, I would not want to go on that basis; but I think the threat of attack and the unanimity of the provinces on several other negotiating stances such as the withdrawal from health care and the withdrawal from the tax collection agreements are all negotiating positions we have to use.

Let me stress, I do not want to withdraw from health care. I am not sure my government would, but it is an option. I do not want to withdraw from the tax collection agreements, but it is an option. If the federal government is

going to be talking hardball without consultation, we must have all the provincial options open to us in the name of fairness. That is really all I am saying.

I hope we do not get into a debate among ourselves as to whether Ontario should use those negotiating stances, because in a negotiation one has to go in with some degree of support. We at least share one thing: we want adequate federal money to run those programs.

Ms. Bryden: Mr. Minister, have you not found that your case is rather weakened by the fact that Ontario has not used all the funds that were given for health services?

Hon. F. S. Miller: Oh, come on. Where do you get that nonsense?

Ms. Bryden: This is certainly true. There is a study of the share that the federal and provincial governments have paid for health services. In 1971 dollars, Ontario's per capita contribution from general revenues for health services has decreased by 36.5 per cent between 1975-76 and 1980-81. In the same period, the per capita contribution from Ontario health insurance plan premiums increased 16.2 per cent and the difference was made up by the federal grants for health going up.

Hon. F. S. Miller: First of all, OHIP is a provincial source of revenue and please do not assume it is not.

Ms. Bryden: That is correct, but in effect the dollars that were coming to Ontario for health and for post-secondary education were not being all spent on health and post-secondary education.

Hon. F. S. Miller: That is absolute, total bullroar.

Ms. Bryden: As a percentage of the total costs of this program, the provincial share is going down and the federal share is going up. As a result, we have become I think the ninth province with respect to per capita spending on post-secondary education and we have hospitals running deficits in the hundreds of millions because the funding needed to maintain these programs was not flowing to them.

11:30 a.m.

Hon. F. S. Miller: What was the gross increase in hospital spending this year over last year? Do you know?

Ms. Bryden: I think that is not relevant.

Hon. F. S. Miller: It is relevant.

Ms. Bryden: It is a question of whether the dollars that came from Ottawa—

Hon. F. S. Miller: It is relevant. Is it in excess of inflation or is it not?

Ms. Bryden: It may be, but we are still operating—

Hon. F. S. Miller: It is. Have my increases from the federal government grown as fast as my transfers to hospitals? No.

Ms. Bryden: Hospitals are still unable to service the people of Ontario without running heavy deficits.

Hon. F. S. Miller: Oh, come on. That is not true.

Ms. Bryden: It seems to me you may be facing cuts. I want to know, if you do, what are you going to do to make up the extra money? Are we going to—

Hon. F. S. Miller: Whether you are right or I am right, the cuts are going to exacerbate a problem. Do you agree with that much? I do not want to argue. I will have my deputy go on at length about whether you are right or wrong. You are wrong.

Ms. Bryden: I want to know what your choices are: to raise taxes, and if so on whom, since you put \$600 million on individuals last spring; to cut services, and if so where; or to go in for more user fees? I want to know which choice you are going to—

Hon. F. S. Miller: How can you have it both ways? You are telling me I am adding to the tax burden of individuals by spending too little money.

Interjections.

Ms. Bryden: Perhaps you could have increased corporation taxes, resource taxes—

Hon. F. S. Miller: Corporate taxes come out of human beings. They do not come out of entities that do not exist in the flesh. They come out of human beings in real ways.

Ms. Bryden: It is a very arguable point as to whether it is the consumers, the shareholders or the corporation that pays them. Certainly they have been a decreasing source of revenue in this province over the past 20 years.

Mr. Wildman: Could I ask a supplementary? Since you are arguing that federal report my colleague is referring to is inaccurate, obviously that is going to be a basis of some of the arguments used by the federal government. I would be interested in your arguments in—

Hon. F. S. Miller: I would have to table them. This was the essence of a fair amount of work by the 10 provinces between June and September. The federal government has been using spurious figures to suit its arguments. The provinces, recognizing the effectiveness of the political use of those figures as opposed to the real use of them, decided they had better get some kind of common appreciation of whether the federal

figures were right or wrong on a 10-province basis so that we were not arguing individually or from our own point of view.

I think my staff are much better able to tell you what the results were. They can deflate a lot of the accusations the feds were making. Health care will cost \$6 billion in this province this year. Do you agree?

Ms. Bryden: Okay. That does not mean it is not underfunded.

Hon. F. S. Miller: What is my gross transfer from the federal government from all sources of EPF?

Ms. Bryden: I do not have all the figures here.

Hon. F. S. Miller: It sure as heck is not \$6 billion, is it?

Ms. Bryden: Does your deputy have the figures here?

Hon. F. S. Miller: Since you were telling me I was not spending my share, I assumed you had them.

Mr. Wildman: Are you suggesting all of this should come from the feds?

Hon. F. S. Miller: No. Go into the EPF and look at the transfers from the federal government to Ontario for post-secondary education and health care and look at the gross spending on post-secondary and health care. Add the two of them together, because they must be put together. The feds keep trying to split them into components and say: "This goes this way. That goes that way." It does not; the money can go for highways if I want it to, but let us assume it goes into those fields. I will accept that; we have seen that as a contribution towards those programs. Then we can simply say it has not been anywhere near the amount we have spent.

Ms. Bryden: You gave a very large and generous increase to the medical profession.

Hon. F. S. Miller: I can get quite exercised about this. My deputy will articulate. He will do it better.

Mr. Chairman: The deputy wishes to respond to your questions.

Mr. Campbell: Mr. Chairman, we will be meeting with the finance ministers from across the country who are convening in Toronto, including Mr. MacEachen. We invited everybody to come here. We will be tabling on Sunday night or Monday a report that is a joint product of the 10 provinces. I think that will answer a number of the questions you have raised. We can get into giving you a lot of numbers here, but giving you a sheet with the figures is probably simpler and easier to follow.

I would like to say a couple of things. I do not know what report you are reading from, but there was a spurious report produced from Ottawa. It was repudiated by the federal Department of Finance. It was never official. It was released to the press and the people who did it did not even have the courtesy to send us a copy. We got a copy from somebody in the press gallery. It was a complete distortion of the figures.

It was repudiated by no other person than the father of medicare in Canada, Mr. Justice Hall, who did an extensive study of the system a year and a half ago and concluded the provinces were not diverting funds to other sources. In fact, he concluded the provinces were spending much more than 50 per cent in every single province in the country and that all those figures were spurious. They were, in effect, not parliamentary. He did not call them lies, but they were not true.

There are some people in the federal government who continue to use those figures and leak documents like that. But every time it has been looked at in an open forum, such as with Mr. Hall's extensive survey across the country, or such as with Malcolm Taylor who is writing another book on it now, the provinces have been supported completely on that.

I do not know how many times we keep having the same figures thrown up at us. I do not know how many times it has to be studied. The federal parliamentary task force looked at the same figures and came to the same conclusion. I am not asking you just to take our figures. I am saying, "Those are objective, external studies."

Ms. Bryden: What are the percentages of the total figures for health care paid by the province and by the federal government for the last five years?

Hon. F. S. Miller: I was looking at my Ontario Finances. You have the figures there. We will tackle them two different ways. I am not sure I can give accurate figures, but the transfers from the federal government to us this year in a direct way under established program financing will be \$2.14 billion or \$2.15 billion estimated in the budget. It is slightly lower, in fact; \$2.1 billion. Add to that extended health care services of \$0.25 billion, which I suppose we usually lump in with that. Add to that the tax points. Somebody would have to give me the figure. That is \$2.7 billion. Somebody said somewhere around \$3.4 billion in total.

We will spend approximately \$6 billion on health. We show \$5.7 billion at the present time.

It has gone up since that was printed by at least \$100 million to \$5.8 billion. Colleges and universities are \$1.7 billion. One would have to allow for one part of education that does not show easily in Ontario; in other provinces, grade 13 is rolled into colleges and universities.

One would come to \$7.8 billion to \$8 billion as the cost of the programs that we roll through with a \$3.4 billion flow of money from the federal government. For them to tell you that we are not paying our share when we are paying—

Ms. Bryden: How does that compare with the previous five years?

Hon. F. S. Miller: It goes up and down. Their percentages peaked about three years ago and started to decline after that.

Mr. Campbell: One of the things that gave rise to some of the misinterpretation here is that there was a lagged formula that was supposed to protect the formula from too radical changes. For a while after the arrangement was made in 1976, the provinces benefited a certain amount from that. I will give you a few simple statistics that trace it, as far as we are concerned. These are figures agreed to by all the provinces of all political persuasions. I will give you the national and Ontario statistics.

I will combine education and post-secondary because the only way you can understand it is to put it together. It has always been a package. The federal share in 1976-77 was 39.9 per cent rising to a peak of 44.9 per cent in 1979-80. That is where it peaked. Because of the peculiarities of the formula, the federal shares increased. The maximum they had is 44.9 per cent. It has been falling since to 41.5 per cent in 1981-82. Their viability is dropping off now.

For Ontario, the corresponding numbers are 39.2 per cent in 1976-77, 47 per cent in 1979-80, dropping back to 44.6 per cent in 1981-82. We will subject those figures to the scrutiny of people like Professor Malcolm Taylor or any objective, knowledgeable critic you want. He has already done extensive studies in this area.

11:40 a.m.

The thing that really bothers me in this kind of debate is that it turns a lot of people off when they hear the federal and provincial governments squabbling about shares of money. A lot of people say, "A pox on all your houses." There are some principles that get missed in that discussion sometimes that we should be aware of. You have to go back to the beginnings of the program.

The federal government set a national priority to establish health care in Canada back in the 1960s after Justice Hall did his famous report. At the time, Judy LaMarsh was one of the leading proponents of the piece. They went across the country and sold it as a national benefit. The biggest thing they had to overcome at the time was persuading the country that we could afford a program like that, and that was no mean task. In the United States, which is 25 per cent richer per capita than we are, they still conclude they cannot afford it as a national policy.

Mr. Runciman: They have a defence budget to consider.

Mr. Campbell: Could be.

Mr. Wildman: They have a different priority.

Mr. Runciman: They are protecting our tails.

Mr. Wildman: And not the poor.

Mr. Campbell: However, it was sold on the basis that the federal government would share the cost 50 per cent. The provinces were afraid of that and did not trust the federal government. The Premier of Ontario at the time, John Robarts, made a very famous speech in which he said it was going to be a fiscal nightmare.

Mr. Wildman: Something about a Machiavellian plot.

Mr. Campbell: That's right.

Mr. Wildman: How do you spell Machiavelli-an? It's M-a-c-E-a-c-h-e-n.

Mr. Campbell: Every prediction John Robarts made has come true. Since that time, there have been a series of unilateral changes on the part of the federal government. They found the 50 per cent sharing was costing them too much money; so for a few years in the mid-1970s, Mr. Lalonde and Mr. Trudeau went around the country saying that health care was going to bankrupt the country and the provinces had to cut back on this wild spending on health. It was getting away from them. They made speeches to that effect and finally they said, "Unilaterally, we are going to cap our liability."

So the provinces' worst fears came about. The federal government started the program, and levered and forced the provinces in. Ontario was told, "If you do not come in, we are going to tax Ontario to pay for medicare in the rest of the country and you are not going to get a dime." John Robarts did not have any choice but to go into the program. Then they said: "We are going to cap our liabilities and we are going to leave all the risk on your shoulders. This is going to be great, because we are going to do it with

established programs financing and that is going to give you some flexibility to do things more efficiently."

On a cost-sharing basis, the problem was that the formula had to be spent only on certain things like acute care hospital beds. All the provinces had too many of those, because they were 50-cent dollars and the thing got out of whack. What you really need is to get more efficient use. You had long-term care, chronic care and nursing care and some of those were not cost-shared; so the thing was distorted. We have quotations from speeches by Mr. Lalonde and Mr. Trudeau, saying, "This is going to be a great new deal for the provinces, because you are going to get these funds; you are going to have a guarantee; you will have long-term continuity; you will be able to make long-term plans to restructure your system and get efficiency."

They no sooner started to do it than the provinces did exactly that. Then Mme Monique Bégin came along and started accusing the provinces of changing the rules and cutting back on health care. They were not cutting back at all. We were cutting back acute care hospital beds in Ontario but adding chronic care and nursing home beds far more than we were cutting back on acute care beds.

It has been a whole process, as far as the provinces are concerned. Of all the issues I have seen, and I have been attending federal-provincial meetings for 20 years, I have never seen any issue that has made all the provinces as cynical, as angry and as sceptical about federal reliability and dependability as this program. They feel they have been betrayed, levered into programs with promises and commitments in writing, with declarations from the Prime Minister of the country, and they feel that games are constantly being played with them.

Mr. Wildman: Do you think hospital administrators and university presidents in Ontario might feel the same way right now about the provincial government?

Mr. Campbell: You have to put that in perspective. I will give you an example. There is a feeling abroad that health care has somehow deteriorated under this. The provinces have been making a far greater effort than Justice Hall ever expected when he brought in his original report.

When Justice Hall brought in his report in the early 1960s, he said: "Free medicare is going to make a much greater demand on health systems. You are going to need more doctors. You

are going to have to produce more doctors." That is one of the reasons there were a couple of new medical schools in Canada, at McMaster and Simon Fraser. He said, "You are going to need one doctor for every 858 people." We now have one doctor for every 550 people.

Mr. Wildman: Not in northern Ontario we don't, but that is another issue.

Mr. Campbell: We have a good program there, though. The way we are going, producing doctors, there is going to be one doctor for every 300 people by the end of the century. Justice Hall is now saying: "You have overdone it. The way you are going about this, you are going to bankrupt the country. You are providing too much medical service. Too many doctors are doing too many things."

The population is increasing at 1.2 per cent a year. The medical services are increasing every year, compounded, by more than six per cent a year. To say that kind of system is cutting back on health care delivery is just not factual. It is just not there. It is one of the biggest myths that has ever been perpetrated in the country.

Ms. Bryden: With respect, though, we are in effect destroying the universal accessibility of it by permitting extra billing. We now have user fees for people who are chronic long-term patients in active treatment beds. We are not filling the need for beds in some hospitals in this province. It may be because there are not enough chronic care beds elsewhere to move some of the chronic patients out of the hospitals. We are still charging people the highest premiums in Canada for their health care.

Regardless of the arguments between the federal and provincial governments, we are facing a crisis in our health care, even though we are spending a great deal more. As I say, we gave the doctors a very generous increase. We are facing the crisis that there are a great many people who cannot get a bed when they desperately need one. Emergency facilities, particularly in a place like the Toronto East General Hospital, which serves my area, are completely overtaxed and have not been able to expand under the budgets that have been going to the hospitals.

I think we have to look at the present situation facing the Ontario government. Where are you going to get the additional money needed to put our hospital care and medicare service back on to a basis where the public has access to it, does not have to pay extra fees to doctors, and can get nursing home beds when

they need them? We are facing that situation. I want the Treasurer to tell me where he is going to get the money—

Mr. Chairman: Ms. Bryden, could you hold it a minute? We will get the Treasurer back to the table here.

Ms. Bryden: I am not trying to defend Mr. MacEachen. I would find it very difficult to defend him. What I am really getting back to is the problem you yourself face as Treasurer. We have an underfunded hospital system. We are letting doctors extra-bill patients and we are considering user fees in hospitals. We have a grossly underfunded post-secondary education system, if you speak to any organization connected with it: students, faculty, university presidents and so on.

Where are you going to get the extra money to bring these services up to the standards they should be? Regardless of whether we are spending more money than we were five or 10 years ago, they are grossly underfunded. If your answer is more user fees or more student fees, then I think we are destroying the system in this province where these facilities are accessible to the general population.

11:50 a.m.

Hon. F. S. Miller: I am going to reject your comments and not debate any more about whether they are underfunded. We will have that debate as long as we are here. I simply say that I am glad to see Alberta has a threatened strike this week by physicians who are underpaid. Quebec, which perhaps follows your kind of philosophy a little more of "It doesn't matter how you get money, spend it anyway," has got itself to a point where its deficit is so bad that Standard and Poors et cetera are downgrading them and they are borrowing moneys in ridiculous ways at bad rates. One has to remain fiscally responsible through it all.

I know how popular health care is with everybody. I also know I can talk to any group in society and it will tell me it is underfunded; I don't care whether they are teachers, farmers, tourist operators, car dealers, General Motors, you name it.

Mr. Wildman: There is no free enterprise any more, Frank.

Hon. F. S. Miller: If you talk to people who know a lot about any topic, theirs is the only one that matters and society should support them at the expense of somebody else.

Ms. Bryden: Like Suncor.

Hon. F. S. Miller: So I accept the fact that if you talk to students, they pay too much. If you talk to faculty, they are underpaid and underfunded. If you talk to nurses, they are underpaid and underfunded.

Ms. Bryden: I have to agree that they are.

Hon. F. S. Miller: I have to make comparisons between what those people get and what society is able to provide for them. That is the essential role of a government and particularly of a Treasurer within a government. I try to do that to the best of my ability, and I am proud of the fact that we have the lowest spending per person in Ontario of any government in Canada. You would indict me for that and say it is an indication of poor management.

Ms. Bryden: We also have the highest medicare premiums in Canada.

Hon. F. S. Miller: I don't give a damn whether they are premiums or taxes. They are moneys people pay.

Mr. Wildman: But they are not progressive.

Ms. Bryden: But you are saying it is the lowest spending per person.

Mr. Wildman: Everybody pays the same, no matter how much they make, unless they are right on the bottom of the scale and they happen to know they can get assistance.

Hon. F. S. Miller: Progressivity and equity are words I would like to have thrown out of the dictionary, because they don't work.

Mr. Wildman: I am sure you would.

Mr. Kells: What will we call our party then?

Ms. Bryden: Very good point.

Mr. Wildman: Don't worry, that party threw out the word "progressive" a long time ago.

Hon. F. S. Miller: It might come as a shock that it would be called the Conservative Party.

Those are cute little words and people attach great significance to them. Because somebody says progressivity is right, they assume it is right in all things. The balance of the tax system is progressive; any individual tax may not be. I have to balance a tax system. Some taxes are very progressive, and some are negative, such as the Ontario tax credit.

Ms. Bryden: I think most of the studies show our system is more proportionate than progressive.

Hon. F. S. Miller: The fact remains that one can tax people into a barter society, and that is what has been happening. You have to be very cautious with your application of taxes, because

you simply don't get equity within a system by taking from the rich and giving to the poor. That has been disproved a long time back. You get equity by helping the poor, not by taking from somebody to try to help. There is a big fundamental difference.

Mr. Wildman: Nobody would disagree with that, but surely your fiscal problem is that wealth isn't being created at a rate in this province that will produce the revenue you need to provide the services, even if you were to make it more progressive.

Hon. F. S. Miller: Go back to where we started this debate and we will have some common ground and get away from the rhetoric that separates Conservatives and Socialists—I mean the Liberal Party and the Conservative Party.

Ms. Bryden: Isn't that rhetoric?

Mr. Wildman: At one time in history you were called Liberal Conservative, right before Progressive Conservative.

Hon. F. S. Miller: What I would like to say is, we started out on something and I think we have some room for agreement and discussion about it before you try to attack what I believe. Just as I will never change what you believe, you ain't going to change what I believe.

Mr. Wildman: But surely you will agree we have to create wealth.

Hon. F. S. Miller: Yes, you create wealth not by taking but by building, and that is fundamentally where you and I disagree.

Mr. Wildman: But you are not creating wealth at the rate you need to increase your revenue.

Hon. F. S. Miller: Because too much socialistic dogma has entered our society, that is why.

Mr. Wildman: Do you include Suncor in that, Frank?

Ms. Bryden: Do you mean we are converting you to a little bit of socialism every year?

Hon. F. S. Miller: I am not going to get into that fight today. Your party has not been in power but has been dramatically successful.

Ms. Bryden: Maybe we should keep plugging ahead.

Mr. Kells: Having stolen all your platform for 30 years and you are still in business.

Mr. Wildman: As Tommy Douglas once said, he did not mind if someone stole his pyjamas as long as he wore both the tops and the bottoms so he could remain decent.

Hon. F. S. Miller: I have a response but I think, for the sake of the record, I will leave it off.

Ms. Bryden: Getting into tax policy a little more specifically, let's look at the sales tax for few minutes. The Treasurer has looked after the car dealers through his sales tax rebates. I just wonder if there are a few other groups in the community he might look after, such as ordinary people who do not like going barefoot. We have a \$30 exemption for shoes in the present sales tax. I think it has been at that rate for about 10 years, and if the Treasurer has not bought any shoes recently he may not know that what you can get for \$30 is probably a pair of running shoes. You cannot get decent shoes for \$30 nowadays, even for children or teenagers, much less adults. The exemption was for all people, not just for children. It was intended, I think, to see that reasonably priced shoes were not taxed. But no longer is \$30 a suitable figure.

Hon. F. S. Miller: I am going to try to tackle that from the other direction. I wonder whether there should be any exemptions.

Ms. Bryden: Other people feel that the necessities of life, such as clothing, should not be taxed.

Mr. Wildman: Who is getting into rhetoric now?

Hon. F. S. Miller: No, I am not being facetious. Go back to my last budget and, whether it is this issue or any other list of exemptions or partial exemptions, you will discover I stated in the budget that I was going to examine all tax expenditures for several reasons, one of which is to determine their fairness.

Just as I got hammered a few minutes ago for reimposing the sales tax on an industry, no one can accuse me of conflict of interest there because it happens to be my industry that gets hit. I have to challenge whether society is benefiting from certain tax expenditures as originally intended.

I also have to challenge the complexity of the system that has gradually grown through year-by-year deletions of certain specific articles to the point where one almost needs a tax book in front of one, or a premarked product in a store for the average clerk, to know whether tax applies or not. We have simply got a system that is administratively too complex.

Why are roses exempt? Flowers are exempt. I remember the Treasurer of the day saying it was because, "I like flowers." That is one of the

privileges of being Treasurer; you can do things like that. I like flowers, but I am not sure flowers should be exempt.

Mr. Wildman: If you are saying they all should be taxed, the converse is to say that none should be taxed, that we should not have a sales tax.

Hon. F. S. Miller: Yes, one could say that. I was asked once, since you raised that point and maybe it is germane to your argument, why do we have such a plethora—we engineers get caught up in words—or so many variations on a theme? Why do we have so many taxes? It is because no one tax adequately or fairly hits all members of the taxpaying society—

Mr. Wildman: It is certainly true of the sales tax.

Hon. F. S. Miller: The sales tax has one great advantage: it only taxes you when you spend money—

Mr. Wildman: There is only so much you can spend.

12 noon

Hon. F. S. Miller: I recognize that, and it may be for an essential and it may be for a non-essential. The fact that food is not taxed is an indication that in the beginning there was a belief that the most important of commodities, the most essential of them, should not be taxed.

Ms. Bryden: Clothing is almost as essential.

Hon. F. S. Miller: Agreed, but clothing comes in very many variations and hues and colours and so on. One has to decide whether one is simply clothing oneself for protection or clothing oneself for adornment. That is where the difference comes in.

Ms. Bryden: The same can be said of food, too.

Hon. F. S. Miller: Food is not taxed.

Mr. Wildman: Yes, but you say you could make the same argument for food. Are you just eating to live or are you eating to become obese?

Hon. F. S. Miller: All right. I accept that. So maybe I should tax food.

Mr. Wildman: Maybe you should take it off clothing.

Hon. F. S. Miller: What I am saying is that sales tax at least taxes a form of wealth. All taxes are on a form of wealth. Do you accept that?

Ms. Bryden: Yes. In fact, we need some additional wealth taxes in this province.

Hon. F. S. Miller: Property tax is the least progressive.

Ms. Bryden: And sales tax is not progressive either.

Hon. F. S. Miller: It is neutral, though, they tell me.

Ms. Bryden: The only thing that makes it somewhat proportionate is the exemptions for things like food and children's clothing.

Hon. F. S. Miller: And the sales tax credits in Ontario, which in effect puts some progressivity into sales tax, does it not?

Ms. Bryden: It is a very small tax credit.

Hon. F. S. Miller: But one has to look at the amount of tax one pays in a year and determine what part of it should be progressively attached. I only say that if you have purchased something with cash or credit, it is because you have made a decision that you can afford or must purchase something on that day. You may have been one of those people who avoided income tax, you may have avoided property tax, you may have avoided corporations tax, but if you have cash we have to take a share of that as a measure of your ability to pay taxes within the system. That is all.

Ms. Bryden: I take it you have no plans for abolishing the sales tax on the grounds that there are these problems in connection with it.

Mr. Wildman: I think he said that.

Mr. Chairman: I got that message anyway.

Hon. F. S. Miller: What we did promise was a complete review of the system to see whether the present exemptions were achieving their original purpose, whether they were still fair. The kind of question you raise would come up then. Do we need any exemption on shoes? If so, is it \$30, \$50, \$70 or what? What was the purpose of having the exemption? Then you tailor it to those kinds of needs. We are trying to do that.

Ms. Bryden: I hope that your premise would be that exemptions are justified if they make what is not a progressive tax into a somewhat partially progressive tax so that it does not bear too heavily on the low- and middle-income people. That was the whole point of having a shoe exemption and a children's clothing exemption.

Hon. F. S. Miller: I think there were some other slightly different reasons, too. I think we were trying to support a Canadian shoe industry at that time, although maybe not overtly stated.

Ms. Bryden: Do you not feel that is a necessary thing?

Mr. Wildman: The industry is in even more trouble right now.

Hon. F. S. Miller: That was solved to some degree by the federal government and import restrictions, as I recall, and I think perhaps it is better solved that way.

Ms. Bryden: This government constantly talks about its support of the family and yet when you discuss a question like shoes, which every family has to buy, you are not prepared to see that what has been an exemption in the past is maintained by raising the amount of it.

Another family-centred tax exemption that I have been advocating for quite a while, but I have not heard any response on from the Treasurer, is child seatbelts which we are trying to encourage parents to use. We cannot get the Minister of Transportation and Communications (Mr. Snow) to make their use compulsory, even though there are a considerable number of child fatalities and injuries resulting from the lack of them. They are a fair-sized expenditure for most families. I think another way of stressing our interest in families is to provide an exemption for the purchase of child restraints, which are very badly needed to protect children.

Hon. F. S. Miller: Certainly my children needed a lot of restraint.

Mr. Sheppard: I would like to get a supplementary in here before you adjourn—

Mr. Chairman: Could we perhaps finish with Ms. Bryden's query on child seatbelts.

Ms. Bryden: These are two areas, as I say, where you might indicate that you really do believe in protecting the family. Most of the speeches and booklets put out every year by the Provincial Secretary for Social Development (Mrs. Birch) seem to be just so much rhetoric. Have you given any thought to the child seatbelt exemption?

Hon. F. S. Miller: I do not think I have; not consciously. What happens each year is that in the period when the budget is being put together on the revenue side—usually it is mid-February to mid-March; the spending side gets finished before that—we look at just about every suggestion made by letter or by brief, because I do see

some 40 groups of people, and try to assess them, even though they may have occurred many times before.

I will tell you one thing: I would be surprised if the \$30 for shoes didn't come up at least 100 times in the course of a year. In effect, we collect the representations people make to us and review them all during that period. We try quite honestly to be as fair as we can be, knowing the balancing act of demands on revenue and the fairness of a given exemption.

I have to say that each year there are some changes I would dearly like to make, but in some cases just dollars and cents prevent you from making them. At other times it is considered inadequate strictly from an administrative point of view. In other cases, we think we are fair.

One where we thought we were fair, and we have had a lot of industry opposition, for example, has been the \$6 threshold on taxable meals. If one looks across Canada, you will find we are the highest threshold of any province, and yet it has not changed for four or five years. We get dozens of letters a year asking us to increase that. Funnily enough, of late, through the hotel groups, we have had a request to eliminate it.

Interestingly enough, the hotel groups came in the other day and said to us, in a brief, and I think they have to acknowledge this, that they want us to tax every cent's worth of sales on food in the future that is sold through any form of food dispensing outlet, except the chain stores. Anything cooked, and anything aimed at the fast food; Big Macs; every restaurant meal from cent one should be taxed at a much lower rate. They felt that will be much more beneficial. We would not have this notch. That kind of thing comes up every year.

Mr. McGuigan: They are hitting at their competitors.

Hon. F. S. Miller: Sure, because they are arguing, just as you argued a moment ago, that a 10 per cent tax in a restaurant lets a McDonald's, Kentucky Fried Chicken or whatever, have an unfair advantage. It allows the takeout department of your local supermarket, which cooks you chicken and sells it to you across the counter, an unfair advantage.

In passing that on, let me not lead you to believe that I either accept it or reject it. I found it interesting.

Ms. Bryden: I hope you will consider the seatbelt angle, because it is a matter of safety as

well as a matter of equity for parents who have this extra cost, and they should be encouraged to use seatbelts.

I put a motion on the Order Paper a year ago about the seatbelt situation, suggesting this, but I have never had any response from the Treasurer. I am hoping that you will consider it come next year when you are drawing up your budget. I say the same about the shoes, because if it was put in once, obviously the government had some thought that it was desirable. In effect, you have repudiated that.

Hon. F. S. Miller: I am on my second set of half-soles on these shoes; so I have some sympathy for that.

Ms. Bryden: Yes, they say the shoemakers' business has really boomed since the present recession hit us in this province. I call it that advisedly.

I have another tax proposal I want to raise. Actually, it was raised by Donald MacDonald several years ago, but it involved federal involvement and co-operation. It is the idea of allowing taxpayers to check off from their final tax donation to the political party of their choice, for which they would be allowed \$2 or some minimum figure like that.

This is done in some jurisdictions in the United States. It is an anonymous way—not necessarily anonymous—of every citizen contributing a little bit to his political party, and it might have the effect of overcoming this imbalance in political spending that exists in this province, where the Progressive Conservative Party spends about three times as much as the other parties spend.

12:10 p.m.

Hon. F. S. Miller: Because we have three times the number of supporters.

Ms. Bryden: You also have unknown funds that were transferred to a trust account when the Election Expenses Act came in.

Hon. F. S. Miller: I wish you would talk to the treasurer of the provincial party about that. He would dearly love to find those right now to cover his shortfall.

Ms. Bryden: I do not know anything about that, but certainly the contributions that your party reports are also much larger, both from corporations and in total. This would be a way for every citizen to have an opportunity to make a small donation to the party of his choice.

Hon. F. S. Miller: But every citizen is making it in his own way right now through the money

given to candidates through the province of Ontario. It is given equally and fairly to all people, as you know, based upon the number of electorate in each riding. I would argue that the changes made in Ontario, starting with the 1975 election, have been exceptionally progressive. Inflation has eroded their value to a degree, one could argue.

Ms. Bryden: You are right on that. I think you should be considering changing the total.

Hon. F. S. Miller: I think probably we should. I am simply saying the principles enunciated then of a maximum number of dollars for any donor, or related group of donors, in any year to any party, has been seen—even by us in the Conservative Party, who were seen to be the beneficiaries of large donations because we were in power—as an exceptionally good move. It is certainly not geared to people like me, the member for Algoma (Mr. Wildman) and the member for Parry Sound (Mr. Eves) as if we came from rich ridings, but the three of us who come from that shield—it is a good thing Mickey is asleep—

Mr. Hennessy: I have heard this so often; it is the same old melody, by all parties concerned.

Mr. Eves: I just want the record to show that Mickey was not asleep.

Hon. F. S. Miller: You need his support, do you?

I do not know about the rest of you, but what that has meant to me is that a riding that in the old days could not get enough money even to begin to cover very modest election expenses, now gets enough to be self-sustaining from dozens of individual citizens who freely choose a party to support. That to me is the fundamental part of the process: freely choosing. Sure, the tax advantages have made them more generous, but it is public, and they get a break, and they make a choice. In politics, unless you make a commitment with your money, the donation is not that useful.

Ms. Bryden: There is still a great imbalance in what the parties spent in the last election provincially. All I am suggesting is that this might overcome some of this imbalance.

Hon. F. S. Miller: Sure there is, and if we get to the federal scene, our party does not do so hot either. We have to look—

Ms. Bryden: You would like this to correct the imbalance at the federal level, perhaps.

Hon. F. S. Miller: No, I would not, because I think anonymous giving is bad. Second, you

would have to agree that in the union movement there are a lot of disgruntled people who feel they have an automatic checkoff to your party when they do not want to support it. You may argue that it is not automatic.

Ms. Bryden: The shareholders have an automatic checkoff from corporations.

Hon. F. S. Miller: I have been in union halls and have been told that by union members—that they really resent that kind of approach.

Ms. Bryden: Do you think the shareholders want to contribute to the PC party?

Mr. Wildman: Would you like to raise that issue at a general meeting and have a—

Hon. F. S. Miller: You know how well democracy works in some of those cases.

Ms. Bryden: It does not work for the shareholders at all. They have no say in what the corporations give to political parties.

Hon. F. S. Miller: I am just pointing out that the theory and the fact are different things.

Mr. Wildman: I would doubt that.

Hon. F. S. Miller: Talk to a few of the union boys. They vote for us.

Ms. Bryden: On income tax, you have increased the personal income tax this year but you still do not have any surtax for the well-off, yet we say we are short of revenue, we have a deficit and so on. At the moment I am concerned about the lowest-income people in this province. We have a device under our income tax schedule whereby anybody who does not pay any federal tax does not pay any provincial tax, but this results in a rather awkward jump for the person who is just \$1 over the level at which you pay income tax.

Hon. F. S. Miller: I think you will find, if you check last year's budget, that we addressed that problem.

Ms. Bryden: In what way?

Hon. F. S. Miller: By having the notch smoothed.

Ms. Bryden: And it will apply to this tax year?

Hon. F. S. Miller: Yes. That is my understanding. No? I am getting one yes and one no.

Ms. Bryden: It certainly should be not just smoothed but eliminated, or at least people should be made aware that if they make a small contribution to the crown they can save themselves \$80 or \$90.

Hon. F. S. Miller: I enunciated a basic principle to my staff and asked them to put it

into effect. There was a point in the Ontario tax rules which you just described where a person could actually earn \$1 more and lose \$80.

Ms. Bryden: Right.

Hon. F. S. Miller: To me, any system that would cost you money to earn \$1 at any point in the system was wrong. You should always have a responsibility to share some of your earnings but never to lose because you are working for it. Therefore, with that notch effect, I asked them simply to work out a formula which, although it may have a taxing rate higher than your average, could not cost you more than you earned to move up in that category until you smoothed the notch. That was put into effect, as I understand it, in the last budget and we got around that notching effect. So it was resolved.

Ms. Bryden: I hope it solved the problem because I certainly have had a number of low-income taxpayers concerned about it and a great many others who, I am sure, were not really aware of what was happening.

Hon. F. S. Miller: Did you see what the feds did in their latest budget on that same issue? Did you see what they did? They just knocked about \$300 off you by removing the nine per cent exemption and making it a flat \$200. They were all tied together. Just take a look at that little shift in the federal zone which a lot of people have missed and which again has hit the average middle-income taxpayer. They picked up \$300 without a rate change; let us put it that way.

Ms. Bryden: Going on to the question of reporting tax expenditures, as you say, you are planning to look at all of them. I still think it would be very valuable if all of us could have a chance to look at all of them and if they were reported in somewhat the same way as the federal government is now reporting them, so we would have some idea of how much is coming from the various kinds of tax expenditures that are available. I rather object to your referring to loopholes as tax expenditures; I think a loophole is a means that some taxpayer has found for evading taxes due to the imprecision of the present tax law in some cases, and maybe some smart tax adviser has suggested a way in which he can arrange his affairs so as to evade taxes—

Hon. F. S. Miller: Minimize.

Ms. Bryden: —avoid taxes. There is a difference between tax evasion and tax avoidance, as you know; tax evasion, we assume, is illegal and tax avoidance is arranging your affairs. But some of the arrangements are due to loopholes

that a smart provincial Treasurer must be constantly on the alert to see are closed when they appear; you cannot always foresee them. I think if a more active policy were undertaken of looking at loopholes and closing some of the ones where the taxpayer appears to be getting away with without paying his fair share, there might be a substantial revenue increase for the Treasury.

Hon. F. S. Miller: I would agree with you in principle but probably not in the details if we got down to what you considered a loophole and I didn't. Again, trying to enunciate a principle that I would state to my staff or myself in applying and analysing a tax measure that permits a credit, I would simply suggest that when you give some tax relief you have to know why you gave it and what benefit you expect to achieve by giving it. Is it something that will encourage someone to take a risk and in turn improve, in a modest way, the economy, which in turn will probably increase my revenues?

I am not generous when I give people tax relief; I am not, contrary to what you may believe, trying to help the rich; I am trying to maximize the economy of this province and therefore maximize the revenues of this province in the tax form. So you have to be trying to improve your economy through tax measures, not help specific people.

12:20 p.m.

Ms. Bryden: I have never opposed tax incentives; I think the tax system can be used for incentives. The only thing is that a lot of the so-called incentives simply increase profits and may increase investment abroad, because there is no direction as to how the savings are to be used. That is why we need more information about what kind of tax incentives are being given, and how much they are costing the taxpayer or how much they are costing the Treasury. In effect, they are expenditures that we are not voting and we are not directing how that money is used.

Hon. F. S. Miller: When you make an investment in equity and high-risk companies, as I am sure you do yourself—

Ms. Bryden: Do you think I play the stock market?

Hon. F. S. Miller: I just assumed you did after listening to our discussions over the years. If, in fact, a person puts money out at risk and on a specific investment gets a return on that risk, should that money be taxed at the same rate as income from a salary?

Ms. Bryden: I don't see why not.

Hon. F. S. Miller: If you don't see why not, I think you have lost understanding of one of the fundamental generators of wealth in a capitalistic society.

Ms. Bryden: Greed.

Hon. F. S. Miller: Greed, certainly. I don't disagree at all. The only thing is, I recognize it as a motivation that helps average people and you say it's something that is unfair because somebody has won. I would argue that the person who makes his dollar at risk and may make, if he's lucky, money on two out of three investments, is taking a risk above and beyond that which he needs to take to earn money in Canada saving bonds, debt instruments, interest accounts or whatever. Therefore, there has to be some incentive to take risk and the tax system must recognize that incentive to take risk and treat that income in a slightly different way through, quote, "loopholes" or whatever. That is fundamental to our system.

Ms. Bryden: What we want to know is whether the risk taking was useful to our economy or whether it was simply adding to his income to invest abroad.

Hon. F. S. Miller: It is useful to our economy when the guy gets a return.

Mr. Wildman: My colleague is simply asking for government reporting so that we can judge, all of us, how much it is costing us and try to determine whether or not it has in fact produced the kind of results—

Hon. F. S. Miller: My problem of course is that you and I can look at the same set of facts and come to opposite conclusions and I only regret that neither of you were students of mine or you wouldn't be sitting where you are.

Ms. Bryden: It might be the other way around.

Mr. Wildman: I might be a gnome in Santa's Village.

Hon. F. S. Miller: At least you would be useful.

Interjections.

Ms. Bryden: Going back to the question of women, I would like the Treasurer to explain to me why he continues to oppose the change in the Canada pension plan that would allow women who drop out of the work force in order to raise young children, to maintain their Canada pension plan eligibility—in other words the so-called drop-out clause—so that those years would not be counted in assessing their final pension. I understand every other province

wishes this change. It is a change that is eminently fair when you think that women have this responsibility for raising young children. It appears to have been put on them far more than on men, but when they perform that very useful function they are penalized seriously in their future pension if they then go back into the work force.

Ontario is the only roadblock. This is one reason I am opposed to vetoes by any one province, because for years Ontario has been holding back this very necessary change in the Canada pension plan which would allow women not to count this period—

Hon. F. S. Miller: The alternative to a veto would be opting out as Quebec did. That has to be seen as an option too. We have chosen to begin in an all-Canada plan. We would like to have seen Quebec in it too. Therefore, there has to be some protection for the largest single contributor to that plan; in fact, the veto has been it. We exercised it, as you say, on that particular item.

We have had the Royal Commission on the Status of Pensions in Ontario and we have had a select committee on pensions. I believe the royal commission recommended we should allow that drop-out provision. I think the select committee also reinforced that but I am not sure. I would have go back and look at the report.

Ms. Bryden: So why are you so perverse?

Hon. F.S. Miller: Just a second. I have not responded to those things yet. I have never used the veto. I am only saying that is the state I inherited. I made up my mind I would not respond to it until such time as the royal commission reported and until such time as the select committee reviewed it. We will do that. All I can say is I am seriously considering it.

Ms. Bryden: I do not know if we should wait with bated breath, but that could be be one of the things you might be remembered for as Treasurer. Perhaps you would have 52 per cent of the population thanking you. More and more women now have to spend all their time in the work force.

Finally, I want to get to what you are doing about high interest rates. I know you will say it is a federal responsibility, but there are things this province could do. My colleague, Mr. Renwick, has suggested we could put a six-month or one-year moratorium on mortgages in this province to give people time to adjust and, we

would hope, to give the provincial government time to work out some program for alleviating hardship cases.

I do not know whether the Ontario Mortgage Corporation is holding mortgages for people who are suffering hardship when renewal time comes up and whether it has any special policy in this field. I would like to know what you are doing about the mortgage situation, as well as the effect of interest rates on other sectors of the economy, particularly on small businesses and farmers.

Hon. F.S. Miller: Your suggestion about the moratorium is also incorporated in the task force on agriculture. Obviously, we will be looking at that with great care. Let me ask you to think through that moratorium. The purpose is to protect people who are in danger of losing their properties. I cannot disagree with that objective. I then have to look at the proposed solution and say, what are its effects?

I have not thought that through totally but I can see some dangerous effects on you and I as people who are interested in maintaining a flow of funds for future borrowers. For all the noise in the press, the banks remain one of the smallest lenders in the mortgage field as a percentage. The trust companies and individuals, in particular, are the biggest lenders. The flow of funds into mortgages is highly dependent upon security of the assets and of the income.

If one suddenly takes steps that remove from the lender the security he perceived he had when he made the loan, I am going to suggest to you that might have serious future repercussions on the mortgage market. They have to be looked at carefully before one undermines the fundamentals of the mortgage market. That in no way prevents us from looking at ways to remedy the situation. I am only saying, do not destroy this system necessarily in attempting to solve one, two, three, four or 10 per cent of the problems within the system.

Suppose you were the lender, the farmer who sold his farm to a young farmer and was counting on that monthly payment. If, all of a sudden, I as a government came along and said, "Not only do you not have the right to attach that in the absence of your payment, but it will be a year or two or three before you can do anything about it," what are you going to do?

12:30 p.m.

Ms. Bryden: You could confine it to the large institutions which could absorb this sort of thing.

Hon. F. S. Miller: It is ridiculous baloney. You know that.

Ms. Bryden: The big mortgage companies and banks have been making piles of money out of the present interest rate situation—

Hon. F. S. Miller: They do not make piles of money. Look, go into the—

Ms. Bryden: Look at the recent report on bank balance of revenue—

Hon. F. S. Miller: Thank God, our banks are doing well. I am tired of people who stand up and find unhappiness in somebody's success. In the main, the banks are doing well outside of Canada. Go and check the figures.

Mr. Wildman: Theology has come a long way. Usury used to be against the law. Now you are saying, "Thank God for the banks."

Hon. F. S. Miller: Who makes the money in the bank, the bank or the lender?

Ms. Bryden: I do not think their reports indicated that the money all came from their foreign operations.

Hon. F. S. Miller: What does the bank work on? It works on spread, does it not? It does not work on gross. It pays more when the rate goes up. That is all I am pointing out. The banks will make as much money at eight per cent as they make at 18 per cent.

Ms. Bryden: It depends what the spread is.

Mr. Wildman: Their profits are increasing.

Hon. F. S. Miller: Their profits are increasing because they are very aggressive international merchandisers, not because of Canadian high

interest rates. As a matter of fact, they went through a traumatic period last year trying to cover their tracks because they were losing their shirts in that. The trust companies have not recovered from that. Several other kinds of lending agencies have not recovered because their terms of loans are longer and they have mismatched funds.

The banks, because of their great variety of portfolios, were able to adjust you and me on short-term stuff to floating rates. The idea that high interest rates automatically mean higher returns to banks has to be dispelled. It does not. It means high returns to people who put their money in banks. That is something we have to look at.

Mr. Wildman: You will accept the fact that in the 1930s the Conservative government did impose a moratorium on foreclosures.

Hon. F. S. Miller: I am told they did. I do not know the details. What I said today was, I hope, a thoughtful analysis of a point of view. It is in our interest to maintain money available for that kind of use in the future. I worry when we see a quick fix by hurting the system when we may solve the problem by another route. That is all I am saying. I am not trying to discard the need for a solution. Let us be careful in the solution so that we do not destroy the system.

Mr. Chairman: Is your line of questioning finished now, Ms. Bryden?

Ms. Bryden: I would like to ask the minister what his interest rate policy is. Perhaps I could have a few minutes when we finish. That will be the last question.

The committee recessed at 12:32 p.m.

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No. G-13

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on General Government
Estimates, Ministry of Treasury and Economics



First Session, Thirty-Second Parliament
Wednesday, December 9, 1981
Afternoon Sitting

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday, December 9, 1981

The committee resumed at 3:55 p.m. in committee room No. 1.

ESTIMATES, MINISTRY OF TREASURY AND ECONOMICS

(concluded)

On vote 903, budget and intergovernmental finance policy program:

Ms. Bryden: There is one final area under this vote that I want the minister to discuss with me. I am sure he is well aware that there is very serious unemployment growing in this province, many layoffs, industries closing down and some cities are in great difficulty with their major industries closing down.

I am sure he is also aware that there have been demands for a winter works program, even from his own side of the House—

Hon. F. S. Miller: In fact, only from my own side of the House.

Ms. Bryden: The member for Renfrew South (Mr. Yakabuski) rose in the House and asked if we were going to have a winter works program this winter. It seems to me that if the minister can find \$650 million for Suncor, he can find money for a winter works program, which would be an investment because it would put people to work who would then not be on welfare rolls, who would be able to pay taxes, who would be able to purchase goods and services in this province and, in effect, it would prime the pump to get the Ontario economy going instead of letting this recession grow the way it is.

4 p.m.

I am sure municipalities have been putting all sorts of things on the shelf because they cannot finance them at the moment under present interest rates. But I think it would be a good investment, an even better investment than the minister thinks Suncor may be, for the minister to borrow money and put it into some assistance for municipalities to carry out winter works, or for the province to carry out projects of a capital nature that have been postponed but which are badly needed.

For example, there may be some areas that

are growing where we need new schools. I understand some separate school areas have been asking the Minister of Education (Miss Stephenson) for additional schools.

I would like to ask the minister what he is prepared to do to try to provide some program of employment-creation this winter.

Hon. F. S. Miller: I have answered that question at least once in the House and variations on the theme several times.

I have always had some concerns, without rejecting out of hand, doing this kind of program. I do not think I have had a winter works program as finance minister. They certainly existed in my early days as a back-bencher. I do not know what they do in your riding for winter works projects, but in my riding all too often they cut brush along the sides of roads which they hope will grow back up by the next winter.

Ms. Bryden: You know I was not speaking about that; I was speaking about investment in capital assets.

Hon. F. S. Miller: Okay. But the fact remains that if I called right now for winter works programs, I would suggest to you that very few of them of that nature would even be off the ground through the winter period. First, you need to have the plans et cetera. You are not dealing with the private sector in most cases; you are dealing with the public sector for winter works programs.

Ms. Bryden: But are there not water and sewer plans in municipalities that are already on the planning board?

Hon. F. S. Miller: I would not say there are not, but my basic belief is that very few of them would be at an engineering stage that would allow that.

Mr. McKessock: Why would it take them that long?

Hon. F. S. Miller: Why does it take that long to make an engineering plan or a blueprint or whatever? It just takes a fair amount of time for an engineer to do it.

Mr. McKessock: But do they have to have an engineer's plan? A lot of municipal plans are—

Hon. F. S. Miller: I am an engineer, sir. You would not have somebody build something without an authorized, officially sanctioned plan by a competent engineer, would you?

Mr. McKessock: You sure do not need an engineer to draw up a plan to cut down trees along the side of the road.

Hon. F. S. Miller: No, no. We are talking about something altogether different.

Mr. Wildman: We are talking about hard services.

Mr. McKessock: But this could be a winter works project. A lot of the rural municipalities would encourage—

Hon. F. S. Miller: There are certain things I would encourage in a winter works program, because I am sure there are people with the skills you talk about doing nothing. But in many cases the kinds of people you and I see in our riding on a winter works project are people with limited marketable skills. There are certainly carpenters around, and most people in the building trades around, but there are also a lot of people whose limited skills are one of their basic problems.

I, for one, have a great belief that there is unlimited work of a useful type one can do in the forests of this province in the winter. But I do not just mean cutting firewood; I mean proper management of the Great Lakes-St. Lawrence forest area. By that I mean those mixed hardwood-softwood stands, as opposed to the boreal forest that starts farther north.

My time in the Ministry of Natural Resources left me with that as probably my highest single interest: the great potential for better use of private woodlots in Ontario for the growth of hardwood trees for the future. It is something that takes a long time, but this kind of project does lend itself to that type of work. Usually, you can take people with a minimum set of skills and have them trained reasonably quickly, as long as you can get your lead hands out there to mark trees that have to come down and that kind of thing.

That is one kind of winter works project that probably can be done without the planning we were just talking about. I would argue that planning is often the greatest deterrent to that.

Mr. McKessock: Would you consider a plan like that for the areas that could use it? Certainly my riding has a lot of forests owned by the Ministry of Natural Resources.

Hon. F. S. Miller: Privately owned woodlots

are the ones that I think need to be stressed. To the south of your general area, particularly in the Kitchener area, where we have had the advantage of some Mennonite families and others who have treated these woodlots with the care they deserved, you have some of the best woodlots in the province because they have got rid of the poor stuff over the years for firewood.

Since we stopped using firewood as a general household fuel—we are now back in it—we have allowed the forest to deteriorate much faster than people realize, simply because we did not prune out the stuff. No one had any value for it; so it was not taken out. You have seen a deterioration of the quality of the replacement stock.

I would not reject it, but as yet I have been unprepared to go that way.

Mr. Chairman: All right. Ms. Bryden?

Ms. Bryden: I am ready to pass on to the next vote, Mr. Chairman.

Mr. Brandt: Before we carry on with the procedures of the committee, Mr. Chairman, can I get some indication of when you intend on taking the votes and how long you intend on going this evening? I understand that the Treasurer has other commitments and may well not be able to be here for any extended period of time, either tonight or perhaps next week as well. Can we get an overview on what you intend doing and perhaps hear from the Treasurer in that respect as well?

Mr. Chairman: I was just going to bring that up, as a matter of fact, Mr. Brandt, before we moved on to another speaker. Thank you for mentioning it.

My recommendation was going to be that we try to wrap up our votes this evening, perhaps around 5:30 p.m. or thereabouts, because the Treasurer presumes he will not be available in view of the fact that the finance ministers are sitting next week. If that is agreeable, we will proceed on that basis.

Officially, we have three more hours.

Ms. Bryden: How much more time will that leave, Mr. Chairman, if we will not have used it by 5:30 p.m.?

Mr. Chairman: We really have about three more hours.

Mr. Brandt: Are you looking for concurrence to reduce that to an hour and a half; is that the question?

Mr. Chairman: Yes, an hour and a half; cut in half. Is that reasonable?

Mr. Brandt: I will leave it to the opposition.

Mr. Chairman: Or do you want to go—

Mr. Cassidy: Let's go right through until six o'clock, Mr. Chairman.

Mr. Chairman: Six o'clock; that means we will be an hour short of the time available.

Hon. F. S. Miller: I am not pushing the closing time today, I assure you.

Mr. Wildman: Speaking for our party, I understand the Treasurer's commitments and the conference that is going on, and I am prepared to agree to forgo the last hour if we close this off by six o'clock.

Mr. Chairman: If that is agreed, we will say that at whatever point we are at we will call final votes at six o'clock. Is that agreeable?

Mr. Wildman: Yes.

Mr. Brandt: In a spirit of good will, we will go along with that.

Mr. Chairman: I think we all have a pretty important engagement to attend.

Mr. Wildman: Just call me in time to attend.

Hon. F. S. Miller: Our favourite form of tax collection begins at six o'clock.

Mr. McGuigan: Can I have a few minutes on this vote?

Mr. Chairman: Yes. Mr. Cassidy, is your question on this vote we are on now, vote 903, or on vote 904?

Mr. Cassidy: My question is on the next vote, I believe; on economic development, which comes up next.

Mr. Chairman: You have a question on this vote, Mr. McGuigan?

Mr. McGuigan: I just wanted to question the Treasurer. He was making an analogy this morning about a private company that any of us might be fortunate enough to have, and we would pass off our dividends in the hope that the company would build up and eventually be worth a good deal of money in capital value.

I really wonder how that applies in the case of Suncor, because this is not a private enterprise that one would make those choices. You are making a choice on behalf of other people; they may or may not agree with you.

4:10 p.m.

Hon. F. S. Miller: That is exactly why my analogy this morning was simple. You see, when you are the sole owner of a company, making that kind of a decision does not bother any other

shareholder too much. The moment there are shareholders who have a reasonable expectation of a dividend or who purchased shares with the anticipation of a dividend, there are certain problems. If Bell Canada ever waived a dividend, there would be a great deal of concern in the world, because people buy Bell Canada for dividends.

On the other hand, when one has the history of a company like Suncor, which has not paid a dividend and is in a business where, in the opinion of the managers, the reinvestment of dividends is the cheapest and best use of the money it generates, such a company would often say that its long-term profitability is worth more than present dividends. That is really all I was saying.

I accept that the wider the ownership becomes, the more one has to be satisfied that other shareholders are willing to see that as their major interest.

Mr. McGuigan: You just described what I think this company is. It is a development company. That is where the profits are going to lie. If there are going to be any profits, they will be in development. Therefore, I think we can assume there will be little paid out in the way of dividends, and certainly no more than enough to satisfy the most hungry people who are looking for dividends.

Take 17.5 per cent as the nominal rate of interest. Of course, there might be people who will say, "Reagan is going to be successful and knock the rates down," but history will tell one he is not going to be successful in a democratic system. We have gone through a number of these assaults on the interest rate, and it has only gone down one or two points. Then the voters react and we go back to the old system.

I would say, using the figure of 17.5 per cent, money doubles itself every four years; it comes out to exactly four years. There is a little rule of thumb that one divides the rate of interest into 70 and that will tell one the number of years it takes to double. It takes four years if one uses that figure.

By my back-of-the-envelope calculations, in 16 years it would be \$60 million short of \$5 billion that this will have cost the province in lost revenues or opportunities, because all that money is in excess of your income; the total amount is off the end of the budget in borrowed money. It seems to me you have created a bad political situation for yourself. You would be surprised to learn that occasionally—

Hon. F. S. Miller: Meaning 16 years from now?

Mr. McGuigan: Yes.

Hon. F. S. Miller: As Treasurer at that time, I will be glad to consider the problem.

Mr. McGuigan: Do you not think you have created quite a political problem for yourself and to a lesser extent for us in opposition? You would be surprised that occasionally we tell people, "There is not enough money for this project or that project." I know you think we always blame that on the government, but occasionally, perhaps in our less lucid moments, we say there is not enough money for that. It seems from now on the game is to say: "But there was enough money for this project. This project shows no real return or no obvious rationale. It is purely a gamble."

Hon. F. S. Miller: I could use that. In the House the other day I answered this question and said that to the best of my knowledge—I do not think I even qualified it in my response to the question—the government had not put off any program that cabinet wished to have since we bought Suncor because of lack of money. I feel that is absolutely true.

I think the term "because we do not have enough money" is used by all of us. I am not sure it is used accurately or fairly. Most often it is, because with the moneys we are willing to spend, that particular program, whatever it may be, did not meet the priorities with the amount one is willing to put out, because we could go the route and spend a great deal more money and I am sure we could finance it. That is not the question.

A responsible government does not spend up to its maximum borrowing power or its maximum taxing power. It spends that which it believes is good for the people, in the interest of the people and in its own interest as a government, because in a democratic system they are somewhat similar.

Mr. McGuigan: I had two personal experiences this summer with emergency services at hospitals. I had my eyes opened in those two experiences. I do not want to spend a lot of time telling you what happened, but there is real chaos for anybody going to a hospital in an emergency. I think we assume the reason is a lack of resources in that area. I cannot believe a government would constantly say: "This is the level of service we wish to maintain. We do not want to improve on that level of service." I make the assumption you are maintaining that level to try to maintain some costs.

Perhaps I should tell you the two instances. My wife and I had a guest student in the country through the Rotary exchange program. She was a young girl from Brazil. I was away at that particular hour. My wife was away. Our 19-year-old daughter was there. This girl had a very serious pain; so our daughter took her over to the hospital. They took a look at them and I guess made the determination that they were a couple of kids on drugs.

They treated them very nastily. My 19-year old daughter pressed the case and finally they said, "The girl is having a menstrual cramp." They gave her a 222 or something and sent her home. My wife is a nurse. When she saw the girl and realized that the 222 was not touching her, she phoned the hospital, raised a stink and took the girl back. Within an hour or two, they had her on the operating table because she had a cyst on an ovary. That was one example.

Hon. F. S. Miller: Let me stop you at that example. To me, that is not a function of spending. That is a function of the quality of attention given by whoever the diagnostician was. Unfortunately, I do not know that money will ever solve that problem. People who are used to dealing with emergencies all too often will assume that one of us is not really in an emergency. It is a sad fact. One gets horror stories all the time.

Mr. McGuigan: I will tell you the other occasion before you make up your mind. I had occasion to go myself later on. I went up to the girl at the desk. The attitude immediately hits one, "What the hell are you doing here?" That is the immediate attitude one gets.

Hon. F. S. Miller: May I ask seriously, do you really think money is going to change that attitude? What would change that attitude? Are they underpaid?

Mr. McGuigan: No. They are understaffed.

Hon. F. S. Miller: I do not know. I guess of this group here, I will win the medal for going into emergency departments. I mean involuntarily as opposed to walking through the door. I have to admit I have been well treated, and I mean as a nonministerial or nonelected person.

Mr. McGuigan: They probably know by now that you are not fooling.

Hon. F. S. Miller: I am thinking of Toronto General Hospital and of Wellesley Hospital. I was a minister then. I have found a high degree of professional skill. The triaging function, which I guess is the essential function at the admitting point, is the one where one tries to

sort out with the staff available the serious cases from the nonserious cases. I guess we can always find cases where somebody thinks we are putting it on or whatever. I have had a great deal of confidence in the quality of that service in most cases. I hope most of us have.

We are dealing with human beings rather than dollars when we talk about the things you are talking about. I would argue to a degree that one of the problems with the government being the financial source is that people tend to be less concerned than if they are working for themselves. Perhaps this is true when one comes in to talk to the revenue office, the licence office or the registry office. Government has an ability to desensitize human beings.

Mr. McGuigan: Let me finish my own experience.

Mr. Wildman: You could make the same argument for anything that is big, whether it be General Motors or anything else. The assembly line is the same as—

Hon. F. S. Miller: The assembly line does have the same effect. I buy that completely. You are perfectly right, because repetitious, boring work does that to human beings. But I am talking about those who contact the public.

4:20 p.m.

Mr. McGuigan: Repetition is boring. There is repetition, but it is certainly not boring around the hospital emergency department. In my own case, as soon as I got by the girl whose attitude was, "What the hell are you doing here?" I found people very helpful after that. But they simply were not available. That was in a major hospital in London which is recognized as one of the leading medical centres of Ontario, if not Canada.

The person who was to deal with me was not even in the hospital; he was at another hospital. Eventually, he came to the hospital I was at, and I was dealt with kindly, fairly and quickly once he got there. I do not think you could view that level of service and say that was the level you consciously wanted to maintain.

Hon. F. S. Miller: Let me put a figure on the record. It was just handed to me and it looks high to me. I am giving it to you as accurate. I trust it is. Hospitals this year spent 20.7 per cent more than last year.

Mr. McGuigan: There is no argument with me on that.

Hon. F. S. Miller: Considering that universities had 10.1 per cent—

Mr. Wildman: What was the cost in dollars?

Hon. F. S. Miller: Those are actual inflated dollars. Take off the 13 per cent and there is a 7.7 per cent real increase. That is a big real increase. To give you the percentage figures for previous years, they are 5.7, 3.2, 5.2, 12.9 and then 20.7 this year.

Mr. McGuigan: They are doing things to help people—

Hon. F. S. Miller: The question I posed the other day, and this is more from the estimates of the Minister of Health (Mr. Timbrell) than mine, was, can you tell me what level of dollars will get rid of the problems you talk about? Can you tell me that, if I gave \$200 million more to the hospitals, there would not be life-and-death decisions to be made? Can you tell me there would not be problems in emergency departments? The answer is no. There always will be because, as long as the system is basically free, there will be this bloating effect. To you and me, that is a serious problem.

One has it out west in Alberta where the doctors are going to strike. Dollars really have meant virtually nothing to that government for the past few years, because they have had so many of them. It did not solve the problems. Therefore, the dollars themselves do not. My deputy knows this better than I do, having had some time in Health recently.

What will solve the problems is to determine who should be utilizing the system and whether the system serves them as opposed to all of us who put the pressures on the system, not necessarily individually. We are sent there sometimes. We go there sometimes. The great growth in pressure on the system has been enormous. Those of us who live in small-town Ontario—

Mr. McGuigan: I guess I am just judging by my two experiences. Neither one of those was occasioned by the question of whether or not it was free—

Hon. F. S. Miller: I suggest you talk to the hospital administrator and lodge a complaint. I suggest you demand that kind of thing be looked into and ask why you, as a taxpayer, got that kind of treatment. That is the kind of thing you need to do. Is it in your riding?

Mr. McGuigan: No, it is out of my riding.

Hon. F. S. Miller: It makes it easier.

Mr. McGuigan: I will not take up any more of your time. Your argument that there is no shortage of money does not ride with me, and I do not think it does with the people of Ontario. I

think you have created a real political problem for yourself for a long time to come with the Suncor deal.

Mr. Cassidy: The minister agrees, but he will not say so.

Mr. McGuigan: I suppose you expect us to rejoice that you have a political problem, but there is some honesty on our side of the political picture too. In fact, there is a lot of honesty on our side.

Hon. F. S. Miller: I have never questioned that. I keep wondering why the heck you are there instead of with us.

Mr. McGuigan: You guys were not smart enough.

Mr. Wildman: They are the real conservatives. You are not.

Mr. Runciman: I have one question. It is on intergovernmental transfers to the municipalities. I think it is called resource equalization grants. The municipalities were assured in 1981 that the moneys they would receive would not be less than they had received in 1980. There is some concern about what is going to happen in 1982.

Hon. F. S. Miller: I do not think that is in my ministry, with great respect.

Mr. Runciman: Are we on vote 903?

Mr. Chairman: We are on vote 903, but—

Mr. Runciman: It says "provincial-local finance policies."

Hon. F. S. Miller: I think you will find the moneys for that were in the Ministry of Intergovernmental Affairs. I think they are now in the Ministry of Municipal Affairs and Housing.

Mr. Runciman: I know the municipalities were still dealing with your ministry up to a couple of weeks ago.

Hon. F. S. Miller: For a good reason, that to a degree there is a split responsibility that has not been clearly defined in the eyes of many people outside government. That is that policy-making has been a Treasury function, as it is for many decisions, but management has been a line ministry function. The management of grants policy—in fact, most of the decisions as to what this or that municipality gets—is all done at the ministry level, not at the Treasury level.

Mr. Wildman: I think my colleague was asking a question on policy in terms of total dollars and how it relates to the previous years.

Hon. F. S. Miller: That is really not in my budget. I do not know the answer.

Mr. Runciman: This is local finance policies, which is why—

Hon. F. S. Miller: I cannot give you the answer. One of my staff may be able to, but I cannot. The person on our staff who would be able to do that would be Hank Ploeger and he is not in the audience at the moment.

Mr. McKessock: Mr. Chairman, I bring this up under the Ontario budget policy on expenditure priorities, that is, the senior citizens' property tax rebate program.

Hon. F. S. Miller: That is also not my ministry.

Mr. McKessock: Mr. Minister, I do not think you can excuse yourself from the problems created once you turn the money over to another ministry.

Hon. F. S. Miller: I cannot excuse myself for another ministry's policy, but it is not in my budget.

Mr. McKessock: Where did they get the money?

Hon. F. S. Miller: They got it out of the budget of the Ministry of Revenue.

Mr. McKessock: Sometimes we are told all money that comes in goes into the central pot.

Hon. F. S. Miller: But that is different. I am talking about spending. Spending by vote and item goes through different ministries. The Ministry of Revenue administers and has the money for that policy, okay?

Mr. McKessock: But where does the minister get the money?

Hon. F. S. Miller: He gets the money through a vote of this Legislature.

Mr. McKessock: From you, the Treasurer.

Hon. F. S. Miller: No, from you by voting on the item. You give him the authority, not me. You, through your budget priorities, decide where the different moneys go, to the different ministries and how much each ministry gets. I just want to say this is one issue that is causing us—as you know, I expect, from your riding the same as everybody else does—a tremendous number of problems these days.

Mr. McKessock: My constituency secretary called Revenue yesterday. In fact, the civil servant said he would only take three problems. She eventually talked him into taking 20. It was difficult getting the call through in the first place. But during that conversation, my secretary pointed out what the Provincial Auditor had said, that it was accounting bungling that

was causing the problem. He says it is far worse than that, and he says it is the MPPs' fault. I cannot quite figure that out.

Hon. F. S. Miller: Where was that, Robert?

Mr. McKessock: That was the civil servant's response to my constituency secretary's inquiry.

Hon. F. S. Miller: Do you have the civil servant's name?

Mr. McKessock: No, I have not.

Hon. F. S. Miller: Please get it for me. I will talk to him personally.

Mr. McKessock: I would like to know why it is the MPPs' fault.

Hon. F. S. Miller: Just get me the name of the individual. I am always pleased to talk to someone who passes the problem to us.

Mr. McKessock: I take it, as I am one of the MPPs, it must be because we passed the program.

Hon. F. S. Miller: I will be glad to talk to him on your behalf. Just get me the name.

Mr. McKessock: Okay. I was wondering if you would consider, at the end of this year, stopping this program and adding \$50 a month to the guaranteed annual income system program, which is already in place.

Hon. F. S. Miller: No, I would not at all, because Gains is an indexed program, based upon a needs test, and this is not based upon a needs test.

Mr. McKessock: Why should it not be on a needs test?

Hon. F. S. Miller: I will let you go and fight that out in your riding, because very few of your people would pass the needs test. I would argue with you that the people of Ontario who have done a good job of saving their money and are above the bare minimum—I am sure this party will agree with me—do have an entitlement to some of their benefits once they retire. That is why I changed it from an Ontario tax credit to a grant. I did that directly with malice aforethought, if you want to put it that way, because I firmly believe that. Far from apologizing for it, I think it is proper.

4:30 p.m.

Mr. McKessock: I feel those in need are certainly the ones who deserve—well, I do not know if they deserve it or not, but they should be getting assistance.

Hon. F. S. Miller: They will get it indexed through Gains, if they are, in fact, in need.

Mr. McKessock: Yes, but this program—you could add \$50 a month to the Gains cheque, which would bring them to a better standard and would cost you less money.

Hon. F. S. Miller: They are separate and distinct programs.

Mr. McKessock: I know that.

Hon. F. S. Miller: We changed Gains when we changed the grants system. We enriched Gains and at the same time the federal government enriched the guaranteed income supplement and the net increase was passed through to the people who had a means test to pass. The rest of the people got what we thought was proper assistance, specifically to stay in their homes. It is not just arithmetic, and it is not just kindness. I would argue the happiest people in the senior citizen group are those who, through one reason or other, through physical health or ability to pay, remain in their homes. This was a direct attempt to help keep them there. That is all.

Mr. McKessock: I get several people saying they certainly do not need this, but at the same time: "Why isn't it here? Get it for me, because I am losing interest in the thing every day I haven't got it."

Hon. F. S. Miller: There are problems right now. I am like the rest of you. I have as many problems as the rest of you. In fact, we tend to forget how many got the cheques, as opposed to how many did not get them.

Mr. McKessock: I bring it up because I realize the Gains program is in place with very few problems.

Hon. F. S. Miller: Next year they will all remember how you got them their cheques. They will send you a Christmas card. You will not have to send them one.

Mr. McKessock: I think that politically, for you and me both, it is a sound program, but I do not think it is sound any other way than politically.

Hon. F. S. Miller: Bob, I am like you. I walk up and down the main streets of my small town, and unlike our city friends, as they say, whether they like you or hate you in the country, they know you. That is one of the great advantages of being a rural politician. In any case, I have not had one single person in my riding phone me at home, or talk to me on the street, about his or her—pardon me, I take that back. Last Saturday I had one call, and I have a listed number, not an unlisted number.

My secretary tells me she has, like you, 10 to 20 calls a week right now. In our case we had a straight computer printout mistake where, if the cheque was \$300, they may have gotten a fraction of that with the decimal in the wrong place. That came back, the cheques came in and people had the wrong amount. That has probably been the major problem this time round, the cheque coming through with the wrong digits on it.

Mr. McKesock: I have just realized, with all the mixup, it certainly must be costing a lot to administer, and it is costing a lot of money to send those cheques out. All I was trying to do is help you balance the budget. Better luck next year.

Mr. Sheppard: Mr. Chairman, to the minister, since more people are eating out every day, I was just wondering if you were considering raising the tax on meals a little bit.

Hon. F. S. Miller: We talked about that this morning. I pointed out this morning, when you were missing, that the threshold of \$6 was the highest in Canada by quite a bit. Some provinces tax first cent, some tax after \$3. I do not know if there is anybody over \$4, but we are \$6. To repeat what I said this morning, the hotel association, in appealing for a change in the seven per cent room tax, suggested a four per cent tax on everything in the hospitality industry, first cent on everything purchased, food, meals, drinks, you name it.

I point out I would make more money at four per cent on everything than 10 per cent over \$6. It is an interesting suggestion, one that is worth looking into and discussing. In sending out letters to the hotel trade last week saying we were putting the seven per cent tax in as agreed, starting January 1, on rooms, in the prebudget process through our tax review, we are going to ask them to comment upon the hotel association's idea.

Mr. Sheppard: What about the tourist operators? Have they asked you anything about lowering it to four per cent too, or just the hotel and motel group?

Hon. F. S. Miller: Tourist operators pay only three or five per cent as it stands right now. I do not know whether you are aware of that or not.

Mr. Sheppard: No, I was not, but I understand it is going to be increased back up to seven—

Hon. F. S. Miller: No, they pay nothing up until January 1. January 1 the rate in an American plan hotel is either three or five per

cent on the daily bill, depending upon the rate per day at that hotel. It will be five per cent for 99.2 per cent of the people who go to hotels.

Mr. McGuigan: Mr. Treasurer, would you not agree that inflation has actually lowered your threshold, when you put in the \$6?

Hon. F. S. Miller: No argument. I accept that. I am still well above anybody else's threshold. The question really was, at what point did a meal pass from being something to keep you moving to something you were enjoying as a luxury?

Mr. McGuigan: I have an instance that was brought to my attention by a restaurateur—

Hon. F. S. Miller: In other words, could you eat a good meal in a restaurant for less than \$6 and fulfil your nutritional desires and needs? That really is the issue. The intent was to keep the price at that point.

Mr. Cassidy: Are you suggesting a voluntary tax: if you enjoyed the meal and paid \$5 you should pay the tax; if it was a lousy meal, you should not pay the tax?

Interjections.

Hon. F. S. Miller: That was why we put the \$6 in.

Mr. McGuigan: One restaurateur pointed out that he puts up a good Sunday dinner for \$5.95, as good as you could get for under \$6. But you do not get any coffee or dessert for that price, and older people come in and they order the good dinner, which is admittedly better than they require simply by nutritional standards. Nevertheless, it is a decent Sunday meal they get for \$5.95, but they go without their coffee or possibly dessert, or the order is \$7.

Hon. F. S. Miller: As a person from the Ministry of Health, I can say missing coffee and dessert does not do too much harm to their health.

Mr. McGuigan: Of course, health is not a part of the picture really.

Hon. F. S. Miller: No, but you were using that argument.

Mr. Chairman: If there are no other questions on this, I think we should get caught up on our votes.

Vote 903 agreed to.

On vote 904, economic policy program:

Mr. Chairman: Don't forget, we have not discussed the Board of Industrial Leadership and Development as yet. BILD is yet to come.

Mr. Cassidy: I would suggest we simply discuss 904 as a whole, Mr. Chairman.

Mr. Chairman: But we were discussing 904 with 903, with the exception of BILD. What I want to suggest is we vote on items 1 and 2 of 904, then we discuss item 3.

Items 1 and 2 agreed to.

Mr. Chairman: Now we are at 904, item 3, BILD, which we have not yet discussed.

Mr. Cassidy: It is a pity that Duncan Allan could not be here to defend his handiwork, since it has been transferred to Mr. Tully. I have questions I would like to direct to the minister, particularly since such glowing claims were made on behalf of the BILD program back at the time when the government thought this was the key to winning the election on March 19. The Treasurer said at the time that the BILD announcement would launch Ontario upon a massive industrial expansion program aimed at creating jobs as well as reducing inflation, increasing trade and improving productivity.

In your statement in January, Mr. Minister, you said our principal economic goals were to ensure growth and high job creation. Later in that statement, you said that job creation is the imperative of our economic policy. You said that the resilience and diversity of Ontario's economy will continue to deliver strong job performance. You stated it and restated it again and again, and in the document itself, which I am getting to know about as well as I know the Book of Job, it states: "The government of Ontario is embarking upon a massive industrial expansion program."

Then you stated in the BILD status report that came into the Legislature about two weeks ago, on November 19, "The Board of Industrial Leadership and Development has defined Ontario's economic goals for the 1980s and devised an action plan which co-ordinates and consolidates the government's economic development effort."
4:40 p.m.

I do not think people were mistaken in the course of the election campaign when they took it as given, when they understood the statements by the minister and by the ministry and by the government and by the government party, to indicate that you were making a commitment to job creation and to maintaining the high level of employment, and in fact that you had a plan that would take Ontario through the 1980s. That was certainly the purport of what was said in speeches and what was said in the advertising of the Conservative Party and so on.

I would just like to ask the minister, perhaps the minister could, for my benefit, state what, in

concrete terms, are Ontario's economic goals for the 1980s? Could you put some numbers on that in terms of levels of employment, levels of unemployment and other economic goals that have been defined, since the Board of Industrial Leadership and Development has now had some eight or 10 months—in fact more than a year, to do its job?

Hon. F. S. Miller: First of all, I think it has done an outstanding job in that year. You will not agree with that. In my opinion, that is fact. It is one of those interesting cases where probably we have not done as good a selling job of what we have done, as is very often done about something you might do.

Mr. Wildman: That is certainly what you said during the election as something you might do. That was a pretty good selling job.

Hon. F. S. Miller: You can only talk from your own point of view on that. We put the facts out there, the people made the judgements.

Mr. Cassidy: With respect, you put the flames out and now the people are beginning to realize they were misled. There was a lot of sizzle, but there wasn't much steak.

Hon. F. S. Miller: Not at all. In fact, I can just rhyme off here a few of the jobs that have already been created. First of all, the temptation—

Mr. Cassidy: I am sorry. You can, is that right?

Hon. F. S. Miller: There is a number that we can put on the record.

Mr. Cassidy: What would be the total number?

Hon. F. S. Miller: I cannot give you a total, I will have to read them off and let you add them up. You asked me a couple of questions about predicting unemployment figures. One of the jobs in my economic policy branch, and we do it at least once a year officially and amend it from time to time during the year, is to make economic forecasts. They do it in the budget each year, it is one of their major responsibilities. They will look at the future year's potential for growth in employment, and at the economy in terms of inflation. All these factors are estimated in so far as possible.

I must say, in retrospect, they have done about as good a job as any set of economists I have seen. Their record will probably beat places like the Conference Board of Canada, which I think has quarterly revisions. They tend to go almost like a saw blade. They go up and

down with great regularity making predictions based upon the immediate scene, as though there were no change in direction in the future.

For example, when I came out this year in the budget and said real growth would be 2.4 per cent I recall a few catcalls from the opposition side, and a few comments, quite understandably, about that being too optimistic. We had to revise it upwards about a month ago internally to about 2.8 per cent. We based that upon historical results, even knowing the third and fourth quarters were softening quite quickly. We look at employment goals. Again, I would look at the Conference Board of Canada, which was way low one year and way high the next year; it was way low for this year as I recall when it started. We came out with a prediction of something in the range of 122,000?

Mr. Campbell: It was 106,000.

Hon. F. S. Miller: It was 106,000. We are now at approximately 120,000. The figure I saw last week, which was the figure as of November 30, and I am sure you have probably seen it, was an increase of 114,000 year over year. There was a 7,000 increase in the number employed during November, which I must admit surprised me, because you and I had been in the House through that month and had been listening to all the economic bad news coming out. I was sitting with my staff waiting for a very bad statistical report to tell me what happened during the month of November.

As I recall, November shows an increase in the labour force of 8,000 and an increase in employment of 7,000 in Ontario, and 114,000 year over year, which is on the second page in the top paragraph, I think.

Mr. Cassidy: Mr. Minister, can you take it forward now? What are your economic goals in terms of employment and in terms of the level of unemployment? What level are you now anticipating through the 1980s?

Hon. F. S. Miller: I would like to think one could be very optimistic and talk about low unemployment levels in the future. Most people would predict that employment next year will be somewhat softer than it was this year. I have not as yet seen a final figure that I can remember at least for next year, but we are predicting a real growth below two per cent. The last figure I saw was two per cent.

I am now getting a set of economic forecasts from the outside houses that range from a minus three per cent figure to a plus two per cent figure. There was a big variation in the forecasts

that are coming in from outside agencies, investment houses, you name it, people who are in the business of banking and forecasting.

We would probably see a slight real growth yet, but I do not think the final figures are in. We will say there will be a probable increase in unemployment during the year 1982. Looking beyond that, I would be—

Mr. Cassidy: How much during 1982?

Hon. F. S. Miller: I cannot be specific yet, because again I am going to be waiting for my staff, particularly to get the impact of the last quarter of the year this year before we see what trend lines we are on.

I recall this time last year all of us were saying the first two quarters of 1981 were going to be disastrous and the last two quarters would be good. Do you remember that?

Mr. Cassidy: Yes.

Hon. F. S. Miller: It turned out the first two quarters were great and the last two quarters have been lousy, all of which tells us how much all of us know about economic forecasting.

Mr. Cassidy: What is your target for 1982 and what is your target for 1983 and beyond? I heard you say two weeks ago that you would define the economic growth for the 1980s, and you are telling me you just simply react to them. You are waiting to get all the numbers in various forecasts, and then you will take your pick and decide which are the best of those, as though you have no influence or no ability to influence those.

Hon. F. S. Miller: I don't take my pick. I really do depend upon my staff to give me that information rather than me taking my pick.

Mr. Cassidy: But it sounds reactive rather than as though there was a concrete plan in terms of what it is you want to achieve.

Hon. F. S. Miller: Of course, the big difference between you and I is you believe by saying it, it will happen. It ain't so.

Mr. Cassidy: I believe in doing it in order to make it happen. I do not see that happening as far as your government is concerned.

Hon. F. S. Miller: I disagree with you there. If one looks at the fundamentals of the Board of Industrial Leadership and Development program—and by the way I am now optimistic that there will be federal government participation in BILD. I really do believe they have sensed there is some need to co-operate with us in terms of economic development and renewal.

I say that based upon only one telephone call

that, thank goodness, was within the last couple of days. It was from Senator Olson who, thanks to a discussion with Mr. MacEachen, appears to recognize there is some need to co-operate with us at the provincial level, something I think you would agree has been missing up until now. We are in the process now of trying to get together on that with the feds to see—

Mr. Cassidy: I seem to recall back in January what you said to them was—

Hon. F. S. Miller: We went to them.

Mr. Cassidy: Yes, you went to them and said: "Hey, we have an election campaign. Would you Liberals please help us to get re-elected by supporting that plan?"

Hon. F. S. Miller: Michael, they may have taken it that way.

Mr. Cassidy: I don't blame them. That is exactly how I would have taken it in their shoes.

Hon. F. S. Miller: You are a cynic.

Mr. Cassidy: I am not a cynic. I am a politician, but so are you. You know the timing that after 38 years you come along with a plan which just happens to coincide with an election—

Hon. F. S. Miller: No, Michael. The fact is you are wrong there. It happened that plan was ready at the same time as the Premier (Mr. Davis) was ready to call an election. Whether you believe that or not, that happens to be true.

Mr. Cassidy: What a coincidence.

Hon. F. S. Miller: It was a coincidence and a very happy coincidence. You may never believe me—I do not expect you to—but that is the way it happened.

Mr. Cassidy: I am afraid not, Mr. Minister. Are you not aware of the frantic to-ing and fro-ing that were taking place within the BILD group within your ministry, spurred on by Duncan Allan sitting up until midnight or beyond in order to get the plan ready?

Hon. F. S. Miller: That is Duncan's normal work habit.

Mr. Cassidy: Is it the normal work habit of all these people here? They are rolling in the aisles, Mr. Minister, when you say that.

Hon. F. S. Miller: They are sober today.

Mr. Cassidy: Your new chairman of BILD cannot contain himself at hearing these fictions coming forward, Mr. Minister. He blushes.

Hon. F. S. Miller: Obviously, it is our responsibility in the Ministry of Economics to see that we do our best to improve the economy. I do not

share with you the idea that forward planning has all the benefits one ascribes to forward planning, but I will also admit that in the—

Mr. Cassidy: Just a minute, that is not what you said back on January 27. You had these bold claims about principal economic growth, both job creation and—

Hon. F. S. Miller: I am talking about you as opposed to me. I am talking about what you expect planning can do as opposed to what I expect planning to do.

Mr. Cassidy: I am talking about what you said, Mr. Minister. Am I naive to believe things when you say them?

4:50 p.m.

Hon. F. S. Miller: I will think that over.

The fact remains that in July of the year 1980, in making an assessment at the end of almost two years as Treasurer, I quite frankly discussed this with my deputy of the day and my assistant deputy for economics and said, "Look, I would argue that most of my attention in the first two years has been devoted to the tax and fiscal aspects of the ministry and not enough to the economic side of the ministry."

For obvious reasons the tax and fiscal problems have to be dealt with on an annual basis on a kind of a timetable. The allocation process rolls on with momentum all its own. The time for a budget comes round, whether I like it or not, and one must be ready. Those two functions take a lot more time than people might believe. Learning to cope with that is a formidable task for human beings who have average talents. I have left you a great opening.

Mr. Cassidy: Mr. Minister, don't tempt me.

Hon. F. S. Miller: It was obvious that we did need to formulate a policy for action that met my requirements and my government's requirements. They are not always the same thing. We asked the ministry's economic staff in August of 1980, really to put some attention to helping me start to formulate some framework of economic policy in addition to the more laissez-faire approach.

From my point of view that had to be reasonably almost like the official plan at the regional level. I did not want a lot of detail in it. Unlike you, I would not want to do a lot of planning in detail, but set the parameters for expansion. That is what I argue BILD did.

Mr. Cassidy: Mr. Minister, you are now going

to tell me that from July on you eventually reached the announcement in the fall about the formation of BILD—

Hon. F. S. Miller: As a matter of fact, that is true.

Mr. Cassidy: I just wanted a clear picture of what you were going to tell the staff, that is all.

Hon. F. S. Miller: I have got until six o'clock too. I have staff here who could testify to the process. We are all politicians. I was working on this with a timetable that was relatively unstructured.

Mr. Cassidy: My colleague suggests that maybe if the election had been held in the fall, you would have managed to get the BILD plan out just before that election too.

Hon. F. S. Miller: No, I would have bet that we would not have. In fact I would argue with you that until some time in early January of 1981 it was not seen as a potential election document.

Mr. Cassidy: Then Bill called you into his office and he said, "Frank, I want you to get BILD in place by the end of the month because we are going to go."

Hon. F. S. Miller: Again that is not so, but I—

Mr. Cassidy: He winked at you and gave you a nudge.

Hon. F. S. Miller: —have antennae to tell me when I might have something to help with a campaign. If I did not, I would be a damned poor politician.

Mr. Cassidy: Okay. Mr. Minister, you stated on November 19 that BILD over the past year has defined Ontario's economic goals for the 1980s. You are now saying that unemployment is going to be up next year. You are aware of the forecast that the federal government has made, which indicates unemployment continuing to go up for two years after that.

Since the feds are not prepared to do anything about the manufacturing industry, there is a very serious possibility within this province that not only will our unemployment go up in tune with the national average, but it will go up faster and that the gap which traditionally existed of about one percentage point between unemployment in this province and national unemployment will narrow to half a point or even that Ontario's unemployment will reach or surpass the national average. That means we are looking at 350,000 to 400,000 people unemployed, or even as many as 425,000 people unemployed in this province three or four years down the line.

That is based on the more conservative estimate that the federal government is now putting forward.

I hate to see that kind of forecast being made. I hate to see a federal government prepared to tolerate that situation in this province. I would like to ask you, what are your economic goals? To what level are you prepared to let unemployment rise before you are prepared to come in with job creation programs that will get people back to work?

Hon. F. S. Miller: I would be very glad to see those forecasts you have just alluded to.

Mr. Cassidy: They are in the budget papers. If you look at them, you will see that the high forecasts are contained, depending on which assumptions you accept. They are all in the budget papers.

Hon. F. S. Miller: First, I do not think they are going to be that gloomy. I do not know they are not; I just do not think they are.

Mr. Cassidy: That is wishful thinking. What are your economic forecasts? How many people will be unemployed in this province next year?

Hon. F. S. Miller: You love to deal in numbers, don't you?

Mr. Cassidy: Sure. Those are people represented by those numbers. The minister should understand that.

Hon. F. S. Miller: The rhetoric is not too necessary. I am quite aware that they are people. It is my job to do whatever I can to help them, but my job is also to recognize the limitations upon my powers and abilities. I think that is something that does press on me on a daily basis.

Mr. Cassidy: Back in the spring there did not seem to be any limitations. You spoke of massive industrial expansion. What did you mean by massive industrial expansion? How many jobs did you expect to create?

Hon. F. S. Miller: Do you really think that 114,000 new jobs, year over year, at a time when you are telling me how bad things are, is bad?

Mr. Cassidy: What I see happening is that this province is steadily falling behind in meeting the needs of its people in terms of the creation of jobs. I don't see a strategy to correct that.

Hon. F. S. Miller: I don't believe that is true at all. In fact, if one makes forecasts, and I have seen these done by the manpower planning branch of the Ministry of Labour, one of our major problems two or three years out becomes availability of manpower, not shortage of jobs.

We cross that hump in the demographic curve that brings us into a shortfall. I would argue that we are going to have to be ready for that and I would argue that pessimism never created a sound economy. I do not mean blind optimism, but surely pessimism did not.

Mr. Cassidy: That is a Pollyanna approach.

Hon. F. S. Miller: Sure. It works too.

Mr. Cassidy: We have 300,000 people out of work right now, and we say it does not. How many jobs do you expect to be created as a result of the BILD program?

Hon. F. S. Miller: I made a point of telling the press that when I brought out the BILD program, I did not fall into the trap of saying there would be this many jobs or that many. It would have been very easy to do. It would have sent you away with a little figure to use as a box score. It would have sent the press away with something they could say, "Miller says 200,000 jobs will be created over five years through BILD," and they would have had to wait until the end of the period.

The fact is that the measures we took create jobs. The measures we took improve the ability of our industry to upgrade its technology. The measures we took were to improve the transportation facilities in this province so our industries are more competitive. That will enable us, on a firmer energy supply basis, to have more trained people and fundamentally, to me, that is the basic responsibility of government.

Mr. Cassidy: You accused me of rhetoric. I am asking you for something more concrete than the rhetoric you have used again and again.

Hon. F. S. Miller: I am simply pointing out that I have never fallen into the trap of predicting the numbers of jobs that BILD will create. I will be glad to give you the numbers of jobs BILD has created, wherever we can document them, but not the number it will create, because if BILD works we will have more microtechnology industries in Ontario—how many I don't know—because they will be able to refer to the microtechnology centre, and we will have a more competitive auto parts industry.

How many jobs it will create I don't know, but the fact remains that I need to have some way of helping small industries upgrade their technology. Would you buy that?

Mr. Cassidy: I would suggest the auto tech centre or the involvement in the parts industry should have begun many years ago.

Hon. F. S. Miller: All right, that is always a traditional opposition stance: You should have done it years ago, not that it is right now. I was not the Treasurer years ago.

Mr. Cassidy: We have been suggesting it for years and years.

Hon. F. S. Miller: I can only tell you that in the first document I brought forward as the Minister of Economics, through the Premier and his office, we have done that. Okay?

Mr. Cassidy: It is not direct. Your predecessor suggested there were serious problems in the auto industry, but what happened was that the government did not act at that time and therefore the problems have been compounded.

Hon. F. S. Miller: Yet you complain when we do something, as in the case of Volkswagen, to bring jobs to this province, do you not?

Mr. Cassidy: My colleague the member for Windsor-Riverside (Mr. Cooke) pointed out that the money from Ontario was not what swung the deal, but it was the fact that they got the tariff protection.

Hon. F. S. Miller: That is his point of view. The fact is that he is wrong.

Mr. Cassidy: The fact is in terms of what Volkswagen itself has said.

Hon. F. S. Miller: Would you like to gamble that the 500 jobs plus the other 1,500 in the supplies to that company would not be in Ontario for \$9 million?

Mr. Cassidy: I would like to see us use some muscle in this province to ensure that we get a fair share across the board in terms of the auto parts industry.

Hon. F. S. Miller: It is always easy to make that kind of comment after the fact.

Mr. Cassidy: We have been making it for years. This is not something we just discovered. It may be something you just discovered.

Hon. F. S. Miller: And staying in opposition all that time too.

Mr. Cassidy: That is our karma, I suppose. I think we are going to change that next time. I would point out that in the last election, by making promises about massive industrial development, high job creation and so on, you took on a responsibility in terms of the overall economy in a way that you had never done before. Now you are being judged and found wanting as far as people across the province are concerned.

5 p.m.

Hon. F. S. Miller: No, I do not think so at all. In fact, I would say we have made better progress with BILD in the past six months than I expected to see us making.

Mr. Cassidy: You had some figures on that?

Hon. F. S. Miller: I am only going to touch on a few. At the Bruce energy centre, which is one that we have approved, there is \$10 million for a pipeline. The pipeline itself, which is incidental, will cause 75 to 80 man-years' employment in engineering and construction. We trust—and this is a prediction—that the Bruce industrial centre, which will depend upon the low-cost steam, and you know we have changed the Power Corporation Act to permit this, will have anywhere up to 2,200 new jobs in that area.

We have one very strong proposal now, dependent upon us costing steam for them, that I think will involve an investment of \$50 million as well as jobs for 50 people once the factory is built and 250 during the construction stage. One very tiny one, which was done as an example, was to improve the supply of electricity to McRae Lumber in Whitney. We will have 12 new jobs in the plant and 130 jobs alleged to be protected by an improvement in the supply of energy.

The hydrogen institute will create jobs for 40 people. The municipal airport improvement program, which we have announced, will produce 84 man-years per year of operation, or 420 over the total period. The radial roads program, which is roughly \$25 million a year and is in addition to the budget that was allocated to the ministry, will result in 875 man-years per year, or 4,375 over the total period. UTDC—

Mr. Cassidy: Wait a minute. The Ministry of Transportation and Communications tell us that, roughly speaking, you get one man-year for each—I think they said—\$1 million of investment in roads.

Hon. F. S. Miller: You can go back and ask them. I do not know who created these figures. I am giving them to you to debate, and you can ask my staff to give the background of them.

The Urban Transportation and Development Corporation, which we put \$30 million into back in January, we trust we will see 300 jobs as the facilities open up for the present contracts.

We have had seven food processing cases approved to date; that will create 340 jobs over the five-year program. The tree nursery program has had 45 man-years in construction and shipping facilities at Midhurst so far, and there

will be more in the future. The forest improvement program to date has had 100 man-years, in round figures, in northern Ontario.

The biotechnology corporation is now aiming at hiring 100 people when fully operational. The high-technology companies are very difficult to estimate—I mentioned that a moment ago—but we have put down approximately 2,200 over five years. Training in business and industry—

Mr. Cassidy: Wait a minute. When you say 2,200 over five years, do you mean 2,200 at the end of five years?

Hon. F. S. Miller: I mean permanent jobs at the end of five years. We have had six cases approved in that area so far.

In the training in business and industry program—you know what we are talking about there—we have so far trained some 12,000 people, and that is growing.

In the international intern program, which I believe is a great step forward in terms of making Canadian companies and individuals aware of the market potential and the ability to sell in foreign markets, 37 people were put under that program.

The Toronto convention centre will generate approximately 2,500 man-years over two years of time to get it built and about 1,000 permanent full-time and part-time jobs when it is completed.

Regarding community development corporations, we have two of them announced; it is very hard to assess jobs in that case, but we trust they will have some local effect. They are experimental and we will not know just how many.

Those are some cases. I am sure we can get into others.

Mr. Cassidy: You did not mention the cancellation or deferral of the King Mountain resort, where 700 jobs were talked about.

Hon. F. S. Miller: That was not in my total. I do not think I ever gave the figure, but I may have at some time. I do not recall.

Mr. Cassidy: When we looked at this just two weeks ago, we asked the contacts within the various ministries that had been given in your own statement, and overwhelmingly they said they did not know what the total job projection was going to be.

In other words, the focus on jobs, which you trumpeted back in January and February, was never translated into a concern once the thing got into the ministries. That suggests that there was a very high proportion of political hype

when you made the announcements back in the spring, before the election, but which you forgot as soon as you got re-elected with a majority.

Hon. F. S. Miller: I wish I could invite you into the weekly meetings. There is one almost every week; every Wednesday morning in advance of cabinet. There was today at 8 a.m., a time when many of us are not in the office. They last traditionally for two hours. They are quite effective; they are well prepared. The ministers come in with their briefings from staff. The staffs have crossed over with their points of view on projects. I wish you could see the progress being made. Obviously you cannot and—

Mr. Cassidy: I am sure it is wonderful. The fact is, in looking at results, I do not see results and it is now 10 or 11 months since the announcements of the BILD program and more than a year since the establishment of BILD to do a job. Even a lot of what you have talked about now is very much in the future; for example, 2,200 jobs in high-technology industries over the next five years.

I point out—I have been making rough totals here—that you came up with a total of 7,000 jobs, some of which will not be created until 1985 or 1986. There are 300,000 people out of work in the province right now, give or take 5,000. You are talking about 7,000 jobs that will be created or may be created thanks to the BILD program or jobs that will be created in which BILD will have had some influence because BILD will have shared in the finances.

Hon. F. S. Miller: I hope you are not going to assume that was the total that would be created.

Mr. Cassidy: No. But I am simply looking at those and looking at the box score, because this does not sound to me like massive job creation. Over five years, you are talking about a change of one to 1.5 per cent—if all of these are new jobs, which I doubt—in the total of jobs that are created or added in the province. That is pretty piddling. That is pretty small. That does not represent to me a massive change in terms of the priorities.

Frankly, when I look at where else you are spending your money, I see not only that you are going to put in \$650 million into Suncor but also that in terms of the carrying cost of the Suncor investment you will put out almost as much over the next five years for Suncor as you are devoting to the entire BILD program. Something like 50 or 60 per cent of what you are putting into BILD will be what the cost of carrying the Suncor investment will be over that

period of time, after you have taken in your dividends. What sense of priority have you got towards job creation?

Hon. F. S. Miller: Will any answer satisfy you? I do not think so.

Mr. Cassidy: Go ahead and try; at least try.

Hon. F. S. Miller: I think I would rather let you talk.

Mr. Cassidy: Okay, let it be recorded.

Mr. Wildman: Let the record show that the minister has no response.

Mr. Cassidy: That is exactly right, Mr. Chairman. Frankly, I expected better from the fellow who is the chairman of the Board of Industrial Leadership and Development. I expected a bit of leadership and a bit of development rather than a response which, frankly, is rather pathetic. For the sake of the people across the province, I am very sorry about that.

Yesterday, I was in Peterborough, where we took some figures from the Ministry of Industry and Tourism, which records plant openings and plant expansions, and in the last three years there have been seven or eight plant openings, with a total of about 111 jobs created, and about seven or eight plant expansions, with a total of a couple of hundred. According to the records of this government, there has been a total of about 300.

Two years ago there were 6,000 people unemployed in Peterborough. Last year there were 6,000 people unemployed in Peterborough. This year there are 6,000 people unemployed in Peterborough. I am not sure what the numbers were a year or two ago, but currently there are 1,700 people who are on family benefits in Peterborough and another 700, if I recall correctly, who are getting general welfare assistance from the municipality because they simply cannot find work and therefore cannot maintain themselves.

Faced with that kind of a need for employment, this community, which is distant from other communities where jobs might be found, has seen the creation of some 300 jobs in manufacturing industries. The minister will state, and I probably would agree with him, that jobs in tertiary industries and the service industries come as a consequence of resource development and manufacturing and secondary development.

5:10 p.m.

Hon. F. S. Miller: One of the points I was going to try to make was that the 7,000 jobs we

are directly attributing to BILD obviously has a multiplier effect. I do not know what the multiplier—

Mr. Cassidy: The multiplier is a multiplier of two or maybe even three. Whatever multiplier you put on it, you are still not putting a dent into the—

Hon. F. S. Miller: Let me ask you, assuming those figures were all that BILD would do—and they are not—would you not have thought that the 25,000 reduction in the number of people searching for work was of any significance at all, just through one program?

Mr. Cassidy: It is the only program—

Hon. F. S. Miller: It is not, my friend.

Mr. Cassidy: —and that has been made clear again and again.

Hon. F. S. Miller: There are many things the province does that help. I do not know how one assesses the Ministry of Natural Resources programs in forest management which are now under way, but certainly those are job creators. They are doing a number of things. The pulp and paper—

Mr. Cassidy: But BILD is the centre for the investment strategy of the province. BILD is the economic centrepiece as far as economic policy is concerned. Sure, things are done in terms of—

Hon. F. S. Miller: Except for one thing that you tend to forget. The economic centrepiece of my economic program is a stable environment in terms of government, in terms of tax structure, an atmosphere where people have confidence to invest. That, my friend, does far more than all of the concocted programs any government can create.

Mr. Cassidy: I just point out to you that federal forecasts indicate increasing unemployment in this province for the next three or four years. You state yourself that unemployment will go up next year. You do not appear to have any winter job creation programs to alleviate the situation.

I was in my riding last week talking with one of the people who works in youth employment programs in Dalhousie ward in Ottawa Centre. This fellow said: "I do not know what to do. There is literally nothing left for the young people." That is a community where youth unemployment has been upwards of 15 per cent for a long time.

I said: "What about the Ontario career action program. That is a good program and has been

pretty creative in terms of helping kids." I am prepared to give credit occasionally to some things that happen to be generated by the government. He said, "Yes, it is, but they ran out of money last month." And from now until March, through the depths of winter, they will not be able to take on a single young person in my riding and right through Ottawa, through the OCAP allotment to Algonquin College, which serves that area. That is the situation we are facing right now.

You say, "Well, is it not something that we did something?" Sure it is, but the something is not nearly adequate for the needs of the whole province.

Hon. F. S. Miller: It is one part of the total, and that is all I was trying to—

Mr. Cassidy: What are the other parts of the total?

Hon. F. S. Miller: What our friends in Ottawa did with the budget a month ago, or whenever it was, probably undid more than anything else you or I could do. Would you accept the fact that it was a pretty poor budget in terms of economic development?

Mr. Cassidy: I think it was a terrible budget.

Hon. F. S. Miller: Yes, I do too. It missed totally any discussion of economic assistance. We were hoping we would see some indication of recycling federal revenues in Ontario, because it has been pretty heavily agreed that during the general agreement on tariffs and trade wind-down period there would be some need to support industries that had become less competitive as a result of the withdrawal of assistance or protection through tariff barriers.

We have seen none of that. We have seen no recognition by the federal government that roughly 50 per cent of all industrial jobs in Canada are in Ontario; that percentage has remained reasonably constant but it is going to remain reasonably constant, contrary to what you think.

Mr. Cassidy: With half of the industrial jobs in Ontario, as you state, and with a federal government which inevitably, even if its industrial strategy was a lot more effective than it is, also has to concern itself with everything from fish on the Grand Banks to wheat on the western Prairies, we have to do a job here in the province.

Hon. F. S. Miller: The fact remains, they have a major responsibility to complement and assist the provinces with their specific problems. I think you would accept the fact that there is not

much one needs to do to create employment out west right now.

Mr. Cassidy: That is correct.

Hon. F. S. Miller: We have the real potential to share in the employment that is created there. I have always argued that if the synthetic crude plants get expanded, we get our share. I do not know what percentage is fair. We have used a number of percentages, always subject to somebody's interpretation. Anywhere from 15 to 30 per cent of the money that it costs to build a Syncrude plant can be spent in Ontario in direct procurement.

I would argue that we will get some of that, but I would also argue that the federal government needs to live up to some of the approvals or recognition they gave, particularly in the 10 Premiers' meetings with the Prime Minister in February 1968, I think, or thereabouts. That was before I was minister.

Mr. Cassidy: But I am reminded of the story of the oldtimer who was handing over his ministry to a young comer and he said: "I have three words of advice if you get into trouble. The first time you get into trouble, blame your predecessor. The second time you get into trouble, blame the feds. The third time you get into trouble is the easiest: you have to resign." You have me to blame; you have blamed me long enough until you finally did that.

I would like to ask you this: What does BILD do for Peterborough? What specific things is it going to do for the—

Hon. F. S. Miller: I am not going to get into specific communities.

Mr. Cassidy: Well, why not?

Hon. F. S. Miller: That is your whole technique, and I am not going to fall for it.

Mr. Cassidy: What is wrong with that? Surely I have a right, on behalf of John Turner, who is not here, to ask what you are going to do for Peterborough.

Hon. F. S. Miller: I am just not going to respond to it.

Mr. Cassidy: What are you going to do for St. Thomas?

Hon. F. S. Miller: I am not going to respond to specific communities.

Mr. Cassidy: What are you going to do for Chatham?

Hon. F. S. Miller: Keep on.

Mr. Cassidy: What are you going to do for Chatham?

Hon. F. S. Miller: Keep on.

Mr. Cassidy: The place has been devastated by layoffs.

Mr. Wildman: What is your regional economic development?

Mr. Cassidy: How about Thunder Bay?

Hon. F. S. Miller: You do pretty well in the north, don't you? What is the regional economic package for the north?

Mr. Wildman: I don't have the figure here; I can get it.

Hon. F. S. Miller: I think it is \$65 million for the kinds of things that are handed out by the Ministry of Northern Affairs.

Mr. Cassidy: The regional package was to take jobs away from the pulp and paper industry.

Hon. F. S. Miller: Oh, come on! You go down the lines of any pulp and paper mill and say that. I went into a mill just after you went to Timmins.

Mr. Cassidy: Kenora? Fort Frances?

Hon. F. S. Miller: Just after I announced the program, you went on a Provincial Affairs program and damned me. The next day I happened, just by grace, to meet the shop steward and a number of union members from, I think it was, Smooth Rock Falls. Your supporters were absolutely shaken with what you had said. They said: "Does that man not realize that we know our jobs in this plant absolutely totally depend upon the renewal of this factory through that program? If he doesn't know, we know it."

Mr. Wildman: With respect, Mr. Chairman, the minister's own supporter, the vice-president of Spruce Falls Power and Paper, was also shaken; he stated that they did not need the program and he did not believe that the government should be interfering in the free enterprise system.

Hon. F. S. Miller: And who was the first to get a grant? Spruce Falls Power and Paper.

Mr. Wildman: I know. Do you not feel badly about having seduced that man away from his principles?

Hon. F. S. Miller: Absolutely.

Mr. Cassidy: The fact is that the money was there and he is in business. He would be a fool not to accept it.

Hon. F. S. Miller: That was a smashing success, and you know it.

Mr. Cassidy: What about Boise Cascade? How many jobs have you lost? Have you seen—

Hon. F. S. Miller: My friend, you count jobs lost because there are fewer people at work. And yet this morning, your critic, whom I have to give a lot of marks to because I think he has done a good job in this debate; I think he has been factual and very liberal through it all—

Mr. Wildman: I'm doing something wrong.

Hon. F. S. Miller: We were talking about productivity increases and the need for them. Look, have you visited a modern Louisiana mill?

Mr. Cassidy: No.

Hon. F. S. Miller: A pulp and paper mill?

Mr. Cassidy: No.

Hon. F. S. Miller: I think you should, because I did, just before that pulp and paper program came in. I went to one in Louisiana; I went to one in Missouri. I am an engineer; you know that. You recall that, do you?

Mr. Cassidy: Yes.

Hon. F. S. Miller: A chemical engineer; that happens to be the pulp and paper business. If you walk through a mill in northern Ontario and through one in Louisiana, they may look the same to the naked eye. But the fact is, the man-hours per ton of product and the rate at which the machines were going at those two mills were so fundamentally different that one had to recognize that, except for peaks in the paper process, we are in for very rough times.

And you know that while we were not losing jobs, we were protecting jobs. You know that. You know that in your heart. The men in the mills know that. The men in the mills say that. Please go with me, because I will be glad to walk down any line with you—

Mr. Cassidy: I would point out, though, that your strategy has still had the effect of losing jobs in that industry and not putting anything else—

Hon. F. S. Miller: Do you think that if I had left all those jobs in place, the mill at Boise would have survived? Absolutely not, and you know it.

Mr. Cassidy: As a matter of fact, I understand that you had a great deal of internal debate over whether to give the grant to Boise because you understood that you were seeing the destruction of jobs at that mill.

Hon. F. S. Miller: No, that was not the case at all. The problem was that Boise had a hell of a poor record with their union, and you know that.

Mr. Cassidy: They sure did, and you did not do anything about that either.

I was up in Kenora during the course of the election campaign, and I went into a furniture plant—

Hon. F. S. Miller: And you know what we did in that case, do you not? We went to the union and asked for their co-operation.

Mr. Cassidy: And you put a gun to their heads.

Hon. F. S. Miller: And we got their co-operation—

Mr. Cassidy: Because you put a gun to their heads.

Hon. F. S. Miller: Because we wanted to make sure we were not doing something—

Mr. Wildman: It is called an offer you can't refuse.

Hon. F. S. Miller: No, it is not, and you know it. The guys down there were very anxious, and we did something that Conservative governments are always assumed not to do: We did talk with the union and made sure they were being treated fairly.

Mr. Cassidy: Your party has had 38 years of government in this province. I was up in Kenora in the middle of that enormous forest resource, during the course of the election campaign, and visited a furniture factory which was using wood that was drawn from the area. What was significant about that was that it was the only furniture factory between Thunder Bay and Winnipeg. There is no secondary manufacturing to speak of, based on wood products.

5:20 p.m.

Hon. F. S. Miller: What kind of lumber do you use for furniture?

Mr. Cassidy: You use softwood or hardwood.

Hon. F. S. Miller: You do not use too much spruce and jackpine.

Mr. Cassidy: They were using it there.

Hon. F. S. Miller: I tell you, there is not much furniture made out of spruce or jackpine, other than a bit of appliance furniture.

Mr. Cassidy: Well, they were doing it. But that is the only plant that uses those wood products.

Hon. F. S. Miller: In that area there is aspen, spruce and jackpine.

Mr. Cassidy: Where in BILD are the programs for the creation of other jobs in Kenora and Fort Frances to replace the 400 or 500 jobs that are disappearing at Boise?

Hon. F. S. Miller: I cannot replace a job that is eliminated through productivity increase. You and I know that. What I hope I do is keep a major industry current with the times and keep its position in the world, in its particular sector, viable. That is what we did in those areas.

Of course, to imagine that one can leave them at five, six and seven times the employment rate per ton—in other words, the man-hours per ton, which is what they are; they are even multiples of more than seven times the American rates, seven times as many hours per ton of output—

Mr. Cassidy: I have read the reports which indicate that the industry is competitive in relation to—

Hon. F. S. Miller: It was only competitive if productivity improvements were made. It was not competitive, based upon extrapolations of current man-hours per ton. Secondly, and you were one of the leaders of this, society quite properly imposed certain requirements on all those mills to clean up—society, through government. Now, whether it is Kapuskasing, Espanola or wherever, we no longer have too many communities willing to permit the use of rivers and air as garbage dumps.

As Minister of Natural Resources, I started an analysis of all mills in Ontario—we have papers this high—which shows that all but one could survive if they had some assistance to help offset the cost of pollution control. But if we insist on pollution control plus productivity improvements, they would not. The productivity improvements were absolutely required to survive. So we had to help with what was basically pollution control.

Look at Dryden. Do you not think Dryden is a success story?

Mr. Cassidy: It is certainly better off now than it was.

Hon. F. S. Miller: But surely, through a series of moves, we really resurrected a town that was on the edge of total closure, did we not?

Mr. Cassidy: But what you did was, you used a great amount of public funds to correct a classic situation of corporate mismanagement and rape of resources.

Hon. F. S. Miller: Just how—

Mr. Cassidy: They are our resources, for God's sake. Reed was left to control those resources, year after year. They were ripping off the taxpayers and raping the forests.

Hon. F. S. Miller: Reed also had not been there that long, if you check your history. It was

Dryden Paper before that, and Reed bought in. It is easy to choose a particular company at a particular point in time. I guess, of all the companies that have been abused in the north, Reed got more unfair abuse than any other one, because they happened to be abiding by the laws of the province at the time, in terms of mercury—I am not talking about normal effluents; there were not any control measures on them for many years—only to be caught retroactively in the problem.

Mr. Wildman: The fact is, they bought a very old plant—in fact, it was getting close to being obsolete—and never tried to upgrade it at all.

Hon. F. S. Miller: For one thing, we kept on hammering them with orders on the environmental side, if you recall. Finally, we got very competent management. They are Canadian management, one of the best organized and managed mills in the north. I do not know if you have been to the Great Lakes Forest Products plant at Thunder Bay. I have to tell you, if I have to go to the Thunder Bay mill and choose one that I am very impressed with, it is that mill.

Mr. Cassidy: Let us go back to BILD. In the first place, you are talking resources, and this was the employment development fund program for—

Hon. F. S. Miller: Can we just talk about EDF for a second? Do you know how many jobs we estimate were created by EDF?

Mr. Cassidy: You lost 1,000 in pulp and paper.

Hon. F. S. Miller: Oh, come on!

Mr. Cassidy: Okay, what was the figure you wanted to give?

Hon. F. S. Miller: It is 17,613.

Mr. Cassidy: We have 300,000 unemployed in the province right now. That is a fact, Mr. Minister, and that has happened while you have been the Treasurer. There was a quantum jump two and a half years ago and we have not recovered from that.

Hon. F. S. Miller: May I turn it around? How many people are employed in Ontario right now?

Mr. Cassidy: Right now, it is just about four million.

Hon. F. S. Miller: It's about 4.1 million. All right, how many were employed five years ago?

Mr. Cassidy: Five years ago, about 3.7 million.

Hon. F. S. Miller: All right, is a 700,000 increase in employment insignificant? These rates of growth of employment are virtually unequalled anywhere. In fact, I have asked my staff to tell me if any jurisdiction has had a greater percentage growth rate in employment than Ontario. Do you accept that?

Mr. Cassidy: Does any jurisdiction have it?

Hon. F. S. Miller: Can you show me a jurisdiction in the developed countries which has had a year over year greater average annual growth rate of employment than Ontario?

Mr. Cassidy: It is difficult to do, because demographically we had one of the highest rates of demographic natural increase of any developed country.

Hon. F. S. Miller: I don't care about the reasons, I am just saying how have we done in creating jobs?

Mr. Cassidy: This is the point. The challenge to you, Mr. Minister, is not to say we did better than West Germany, where they were sloughing off the guest workers. The challenge was to meet the demands and needs of this particular society.

Hon. F. S. Miller: If West Germany could have created jobs, it would have. We did.

Mr. Cassidy: My point is that now we face a generation of despairing young people coming up who do not know whether there will be jobs.

Mr. Wildman: Surely, Mr. Minister, to be fair it is not enough either for us to talk about numbers of people unemployed alone, or for you to talk about numbers of jobs created per year alone, but to look at both of those figures in terms of the overall need. To say there are 100,000 jobs produced in a year is fine, but when there is a need to produce 400,000, it is not fine.

Hon. F. S. Miller: About three years from now, when the demographics change, are you going to be satisfied then if I create a lot fewer?

Mr. Wildman: Are you suggesting that I will be unhappy if we have full employment in this province? No, I think that—

Hon. F. S. Miller: I think you would be terribly unhappy. You wouldn't know what to talk about.

Mr. Cassidy: But I do not see it happening, Mr. Minister. I see that the most optimistic forecast, which was made by the federal government, indicates a higher level of unemployment in 1984 than we have today, and that means a higher level of unemployment in Ontario than we have today as well.

My colleagues are criticizing the federal Liberals for what they are failing to do. It is my job to say what you are failing to do, and I suggest to you that you do not have the programs that are going to ensure that we do better. As a consequence, you are part of the problem, rather than being part of the solution.

Let me return to the questions I was asking before. Thunder Bay has seen the loss of some 800 or 900 jobs in the Can-Car plant, and I am told that their industrial employment is down by close to 20 per cent from what it was at the beginning of 1980. What will the BILD program do in order to turn the situation around and create jobs in Thunder Bay?

Hon. F. S. Miller: We cannot guarantee that particular plant. I am not going to fall into that trap again. You see, you are trying to get down to a specific town or city.

Mr. Wildman: But the people in Thunder Bay want to know.

Hon. F. S. Miller: Just a second, my friend—

Mr. Cassidy: You promised, during the course of the election campaign—

Hon. F. S. Miller: We buy a lot of equipment from them. The fact remains that the most likely program to assist that community—assuming that company pulls its socks up and becomes productive, because it is not now—is the BILD program helping the Urban Transportation Development Corporation. Would you agree that the province of Ontario by taking a far-out gamble back around 1974 in terms of investing in research for urban transit, has or has not improved remarkably our opportunities for employment in this province, and will reflect directly upon the manufacture of components, like Hawker Siddeley? Would you?

Mr. Cassidy: I would suggest that Hawker Siddeley has in fact been shafted by the way UTDC has dealt with the company.

Hon. F. S. Miller: You must have a competitive price.

Mr. Cassidy: The company that got the contract—

Hon. F. S. Miller: We at one time gave them a contract without competitive pricing, and we heard a lot about that too.

Mr. Cassidy: I am still looking for the company which has entered into the contract with UTDC in order to set up the plant in Kingston. It has an address in my riding, on Sparks Street, but nobody in my riding knows about it, and it is also listed as being located in

Trenton and other places like that. Where do you ask for a price—

Hon. F. S. Miller: Do you not get any degree of satisfaction from seeing us sell the system in British Columbia? Do you not get any satisfaction from seeing us sell the system, I think it is in Detroit most recently, or Boston, where the Premier was recently. The only thing that has been stopping us from succeeding very heavily in the US has been President Reagan's recent program to cancel the offshore purchase of transit systems.

5:30 p.m.

Mr. Cassidy: The jury is still out, Mr. Minister.

Hon. F. S. Miller: But would you agree that our system has won in those competitive situations?

Mr. Cassidy: In Vancouver, yes it did.

Hon. F. S. Miller: Did it win in the United States?

Mr. Cassidy: I am not sure whether Detroit is—

Hon. F. S. Miller: I think you will find we won in four cases.

Mr. Cassidy: It has been very close.

Hon. F. S. Miller: But in each case there has been an American lobby to prevent a Canadian product.

Mr. Cassidy: But I do not think jobs should be created in eastern Ontario, in Kingston for example, by taking jobs away from northern Ontario.

Hon. F. S. Miller: Oh, come on.

Mr. Cassidy: That is exactly what happened.

Hon. F. S. Miller: We did not take jobs away from northern Ontario. They have to be competitive in the process.

Mr. Cassidy: But Hawker Siddeley was excluded—

Hon. F. S. Miller: They were not making the product.

Mr. Cassidy: —from the process. UTDC does not talk to Hawker Siddeley about these—

Hon. F. S. Miller: That is your point of view.

Mr. Cassidy: I have inquired into it and I find that they just simply do not. Mr. Minister, if I can go back to the very beginning, you quite deliberately excluded the Toronto Transit Commission from getting involved at the time you made that mad dash to get under the arms of Krauss-Maffei, a pretty disastrous decision as

far as the province was concerned. You had such an antipathy to any kind of public enterprise at that time, you would not exploit the advantages of the knowledge of the TTC.

What about Chatham? What jobs do you intend to create there?

Hon. F. S. Miller: I have answered that I will not talk about specific cities.

Mr. Cassidy: Mr. Minister, during the course of the election campaign your candidates were backed by television commercials showing high-tech industries and those kinds of things. The message was quite specific, job creation and job creation now, and it was all because of BILD. What has happened in the last eight months. Is it like David Stockman, have you had the same kind of education that David Stockman—

Hon. F. S. Miller: You do not want to hear any answers.

Mr. Cassidy: Go ahead.

Hon. F. S. Miller: You really do not, you just do not want to.

Mr. Cassidy: You are not giving me answers, Mr. Minister.

Hon. F. S. Miller: I thought I had. I point out to you that in eight months we have approved, in some way or another, 46 of the various projects that were outlined in the BILD document of 70-odd projects. That is a fairly rapid growth. Many of them are still to be implemented. You want instant success. I tell you, the purpose of that was medium to long-term improving of the industrial climate.

The figures I rhymed off a while ago are almost immediate. Some of them are at least now quantifiable. The unquantifiable and major benefits will occur when, for example, the IDEA Corporation matures, such as the resources centre in the north for mining machinery, something I have listened to in every budget debate I have heard since I got elected, except when I was Minister of Health.

As we pinpoint opportunities to replace imported products, as we get into our mining exploration program—

Mr. Cassidy: I do not believe this, Mr. Minister.

Hon. F. S. Miller: I know you do not. I do not believe you either, so it makes us even.

Mr. Cassidy: Put it this way, when you announced BILD and I read some of the things in it, I thought, where have these fellows been for the last 35 years?

Hon. F. S. Miller: In power.

Mr. Cassidy: Why did you not do these things in that time, Mr. Minister? Why did you suddenly discover, like Saul on the road to Damascus, that these things were required for the Ontario economy? Why such a deathbed conversion?

Hon. F. S. Miller: I became Treasurer.

Mr. Cassidy: Mr. Minister, you are part of an unbroken stream of Conservative Treasurers that goes back some three and a half decades. Are you saying your predecessors were incompetent?

Hon. F. S. Miller: No sir, I would say they had a different set of circumstances. Each of us in turn has done something that continues to mystify those of you in the opposition. We have learned to read the needs of Ontario at our time and meet them.

Mr. Cassidy: How much for the IDEA Corporation, Mr. Minister, since you have not given that figure publicly in the past?

Hon. F. S. Miller: How much what?

Mr. Cassidy: How much will you be putting into the IDEA Corporation?

Hon. F. S. Miller: The figures are not quantified yet, but it is coming along.

Mr. Cassidy: I see. With respect, the theology is fine, but the facts are lacking.

Hon. F. S. Miller: Would you agree that you have lectured us many times on the need to improve research in Canada?

Mr. Cassidy: Sure.

Hon. F. S. Miller: Do you want me to say \$120 million today? Would that make you happy? I do not know what the right figure is.

Mr. Cassidy: Is it \$120 million? Is that what you are saying?

Hon. F. S. Miller: I am just saying that if you wish me to say a figure, I can give you one, but I do not work that way. I would rather give you an accurate figure in so far as I can predict it. I am sure if I look through the sheets, we made some estimations and we broke down—in fact I know we made some estimations—for every component of the BILD program.

As time goes on, and as we flesh out the details of each one, the cash requirements vary somewhat from our original estimations, obviously, because one cannot be that certain in defining cash requirements for any part of these programs.

Mr. Cassidy: You know, Mr. Minister, I will not go into the Suncor thing, but in Suncor we are just simply told to believe and with BILD we are told to believe. You do not like to get tied down to numbers because you do not want to be caught with the numbers going wrong. As a consequence, the promises that were made about massive industrial expansion turned out to be just a bunch of bunkum and nothing more than that.

Hon. F. S. Miller: Do any of these guys want to speak?

Mr. Wildman: If anyone else does, fine.

Mr. Chairman: They are getting all the answers through Mr. Cassidy's and your exchange.

Hon. F. S. Miller: I am not sure Mr. Cassidy would agree with that.

Mr. Wildman: I have some specific questions I would like to ask on BILD but before I get to those, just briefly, since we dealt with the amounts of moneys allocated to northern Ontario for development, can you tell me what the thrust of BILD is in terms of that particular area of the province? From my understanding of it, as much as we have been able to find out, it looks to me like it is a re-emphasis of what has always been in northern Ontario. Even with your arguments, talking about protection of jobs, modernizing of pulp and paper mills—

Hon. F. S. Miller: The modernization of paper mills that you are talking about was not BILD; it was a predecessor to it.

Mr. Wildman: Okay. But in terms of BILD and your strategy for development, are we looking basically at a re-emphasis, an expansion, if you will, of what is already there or are we looking at diversification? If we are looking at diversification, can you point to anything in your BILD strategy for northern Ontario that points to or is aimed at diversifying the economy and providing the kinds of job opportunities that traditionally, in most parts of northern Ontario, have not been existent to that extent so we have had to continue to be dependent simply on our resource industries?

Hon. F. S. Miller: I would be the last to try to tell you that I suspect we will have a modern industrial boom in the north because of BILD. When we go back to deciding what works, whenever we go back to try to improve an economy, I think one should accept one fundamental: build on one's strengths. It happens that the strengths of the north remain resources. I think you would agree with me that there are

many things one can do within the resource industry to improve both the state of the resource industry and the benefits to the north.

One could talk about the proposed resource machinery advisory board where, as you know, it has been one of our stated objectives to cut down the billions of dollars of deficit in import-export each year and hopefully have some of it made in the north. But I have to tell you I have no way of guaranteeing that Clark machinery or whoever—is it Jarvis Clark?—

Mr. Wildman: Jarvis Clark.

Hon. F. S. Miller: —are going to end up being in the north.

Mr. Wildman: They are moving to Burlington now.

Hon. F. S. Miller: They expanded to Burlington, they did not move to Burlington. Correct?

Mr. Wildman: That is correct.

Hon. F. S. Miller: Yes, they left as many jobs in North Bay and they have good reasons because—

Mr. Wildman: I am not criticizing Jarvis Clark.

Hon. F. S. Miller: No, the first question we asked, frankly, was why do they have to expand to Burlington. Could they not expand in North Bay, because obviously from our point of view it would be much more desirable. I hope you and I would agree that forcing companies to go where they do not have an economic reason to go can sometimes be fatal.

The Department of Regional Economic Expansion has not been all that successful for that reason. I would argue that we are working on an improvement of the forests in the north, we have our mineral exploration program being beefed up. We have got into assistance for companies to make custom mining machinery. We are getting quite aggressive in that with a few small companies; one that is manufacturing in Sudbury at the moment making these available for reprocessing of tailings in the north and also doing small custom operations because, as you know, there are a lot of high-grade but small deposits through there that do not justify a major infrastructure to handle them, but that can take small crushers, et cetera.

Am I going to put a General Motors in Espanola? No. BILD was not designed to do that. We may be fortunate enough to find a city like Thunder Bay, which I understand has had the lowest unemployment rate in Ontario for some time—it may not have it now but it did

have—and may find that it attracts more industry, service and manufacturing, but it will not necessarily be so.

We tend to forget tourism is an industry. It is our number two industry.

Mr. Wildman: It is a resource based industry.
5:40 p.m.

Hon. F. S. Miller: Sure, it is a resource based industry. What is wrong with making resource based industries more profitable if they are the natural products?

Mr. Wildman: I am not debating now. I am just saying—

Hon. F. S. Miller: That is really what I am saying though. One should work on the strengths. I live in Muskoka. I know that my people will dream of a major factory and I hope one comes. I can also say I would feel a lot safer for the security of our economy to see 20 small resorts improve, expand or be created, because one does not have all one's eggs in one basket. We have seen that happen in my riding where Corning Canada came in, lasted five years and disappeared. It created a big bubble to begin with and then, when the DREE money ran out, left.

Mr. Wildman: I do not think I can be accused of being parochial when I ask this, but I am talking about Sault Ste. Marie.

Hon. F. S. Miller: I will try to get my tone of voice back to what we had before your leader came.

Mr. Wildman: I enjoyed the exchange between the two of you. I think it indicated we had serious questions about BILD and I am glad he participated. I just want to say that in Sault Ste. Marie there is a major factory, a major industry.

Hon. F. S. Miller: It is doing very well.

Mr. Wildman: Yes. The steel industry in Canada, and hopefully it remains so, generally is doing very well. Stelco has obviously had some problems and faces some in the future for specific reasons.

If one looks at Sault Ste. Marie in comparison to Hamilton, both of them major steel centres, if one looks at the secondary spinoff jobs in manufacturing, fabricating and so on related to steel in Hamilton compared to Sault Ste. Marie proportionally in terms of the population and the size of the industry, Sault Ste. Marie has almost nothing in comparison to Hamilton.

The arguments traditionally raised as to the reasons for the difficulties of developing manu-

facturing in northern Ontario hardly apply to the Soo. There is a major manufacturing firm there now. You are right about the seaway and the Great Lakes system. The major transportation system through Canada is not that distant from the midwestern United States and we have the possibilities there.

I would like to know if there is any thrust in your planning and in your approach to try to build on those strengths or are we going to continue looking at the situation in terms of the north now where, despite the fact the Soo has shown for many years the possibility of developing major industry, we are not building on that. We are not providing the secondary industry related to that industry that we could have if one compares the city to Hamilton.

Hon. F. S. Miller: Please turn around to the constructive phase. I am just as anxious to know from you what you would do to see an expansion of manufacturing related to steel or service industries related to steel in that area. We are told that industry wishes to expand dramatically in the next while. We have seen that the limitation upon expansion in the city of Sault Ste. Marie is its present sewer and water system.

Mr. Wildman: That is right.

Hon. F. S. Miller: We have gone to the federal government and have negotiated with it. I did it personally on August 18, 1981. I got an agreement with the federal minister that he would participate in the expansion of the Soo. I pointed to the Soo saying: "Look, we are asked to put our money in many places. Where there is an 'if' in the future for expansion, maybe if, like Pembroke, you put this infrastructure in we can find some industry." In the case of the Soo, it was not "maybe if," it was, "Look, it will not happen if you do not put this stuff in."

Therefore, there was every good reason to see some co-operation because the city obviously could not afford the large costs. I do not know what the project will cost. I have heard unbelievable estimates of the final cost of it based upon inflation and when they start. But we made a commitment and the federal government, to give it credit, made a commitment also. I was happy to report that to the city the day I was there. We are now at the stage of trying to expedite it through the hurdles one passes.

For example, does it require environmental assessment? The sewer system does not because of the grandfather clause, but the water system might. Can they be tied together? If one can do

that, one can knock two to three years off the time frame of the project and a lot of money because of the compounding of interest that my friend talked about a few moments ago in terms of future cost.

Do they need a filtration plant on the water system based upon the point of intake in the lake? I suspect from the reports the very location was chosen so they do not need a filtration plant because the waters of Lake Superior happen to be relatively clear, cold and in good shape like they are in Muskoka. That is the first time I have mentioned that.

Do they need a digester on the sewage treatment plant? The answer probably is no. We are having a few fights, but I am just arguing that we are doing those things because we recognize the fundamental thing right now in your city or the one near you is to—I think it is not quite yours; it is ours at the moment.

Mr. Wildman: A third of the work force in Algoma Steel lives in my riding.

Hon. F. S. Miller: It is to ensure infrastructure is in place for known expansion. Beyond that, I am hopeful you will see some other expansion related to it.

Mr. Wildman: I do not want to turn this into a discussion of the water and sewer problem in Sault Ste. Marie. I recognize that it was major and that Algoma Steel could not go ahead with the planned expansion it had unless the city was able to provide the infrastructure. I do not debate that. I know the need for federal involvement in that.

But to go back to the analogy I was using, I think proportionally—it is probably not fair to use proportional figures—we have about 900 steel-related jobs in Sault Ste. Marie outside of Algoma itself in fabrication and so on.

Hon. F. S. Miller: I seriously say I would be delighted to work with them. Help me with suggestions. I do not pretend always to know.

Mr. Wildman: I think in comparison, proportionally, if we were to have the same numbers they have in Hamilton, it would be close to 5,000 or 6,000.

Hon. F. S. Miller: We were talking about the pulp and paper industry a while back with your leader. He keeps on saying we have lost jobs and I keep saying we have protected jobs. We have almost a mirror image in reverse situation in the case of the steel industry in Canada that we have in the pulp and paper industry.

We have a highly efficient steel industry in Canada that is Canadian owned and, in part, a

highly inefficient pulp and paper industry because of age. We were the first in the business. The Americans were the first in the steel business. Their factories have suffered from age. Ours have the great advantage of getting in a little later, before they became large anyway. There are the economies of modern technology and scale. I would sense we are going to see great growth in those.

Mr. Wildman: I do not want to get into this argument again. But I would argue one of the reasons for the strength of the steel industry in Canada, not just in Ontario but in Canada generally, is that, unlike most of our manufacturing, it is not foreign owned. It is Canadian owned and there has been a much greater emphasis on research and development here, even in terms of purchasing new technologies from the Germans and the British, than there has been in most of the other manufacturing in this country. I do not think that is unrelated to the fact it is domestically owned.

Hon. F. S. Miller: I would not disagree with that. I have to point out, though, that funnily enough our pulp and paper industries were in the main Canadian ones and they suffered from the difficulties they did.

Mr. Wildman: If I could move on to one other area, one other project—

Hon. F. S. Miller: My deputy has handed me a note. You and I should be very concerned with what the feds did, and not just what the feds did nationally at this moment to the steel industry with some of their selective taxes. It was very quick to point out it got hit harder than almost anyone through some interesting changes in the application of resource taxes and depletion. Are you aware of those changes?

Mr. Wildman: I am not—

Hon. F. S. Miller: I am not trying to trap you. I do not expect all of us to be familiar with the federal budget yet. Day by day, I discover something else in it that no one knew about.

Mr. Wildman: Do you mean there are mining changes—

Hon. F. S. Miller: The fact that they are going to arbitrarily price and refuse to allow—they are going to treat it as a manufacturing operation rather than a resource operation. It is going to have a dramatic effect on profitability.

Interjection.

Hon. F. S. Miller: Yes, absolutely. They will now be able to bring it in from the United States cheaper.

Mr. Wildman: That is a problem we have had. I do not want to get into an argument on that because of the time allocation we have. The steel industry in Canada, and Algoma Steel is part of it, has been shifting to the United States more and more.

5:50 p.m.

Hon. F. S. Miller: This has been aggravated. That is what I am pointing out, the tax measure that is designed to undo exactly that which we are talking about.

Mr. Wildman: I want to talk about one of the projects in the Sault Ste. Marie area. It is the project under BILD. I had the impression, maybe it was unfair, but there seemed to be a project for each area of the province for the election campaign. The one in my area was apparently King Mountain. It seems that your colleague the member for Sault Ste. Marie (Mr. Ramsay) basically ran on King Mountain even though it was in my riding. I do not mind that.

Hon. F. S. Miller: You are supposed to ski on King Mountain.

Mr. Wildman: He campaigned on it. There was a big announcement with the developer, the Premier, the member for Sault Ste. Marie and the Tory candidate for my riding. There was \$19.2 million if the private funding was available. There were estimates of anywhere from 4,000 to 10,000 jobs over 20 years, amazing figures in terms of job creation.

There is no question King Mountain is the highest peak in Ontario, I understand, and it probably has a great deal of potential. It has been looked at by a number of firms, both Canadian and American, for some time. That is another example of the concentration as I understand it, and I do not think I am being unfair, in our area of the province on what has always been; an expansion and improvement of what has always been.

Hon. F. S. Miller: That is one I think we are concerned about too, although I am sure you know there is absolutely nothing phoney about either the problems they face or the planning that was going on. I recall—

Mr. Wildman: I understand the denial of multiple-unit residential buildings has produced some problems.

Hon. F. S. Miller: It is more than that, I think it is a series of problems including financiers' moneys. That kind of project is particularly sensitive to the state of the economy at any given time. Yet I would think its long-term

potential is good. We were taking the route with our \$9-odd million, not \$19 million as had been printed.

Mr. Wildman: We campaigned on \$19 million; it is now \$9 million.

Mr. McGuigan: It is two phases.

Mr. Wildman: Yes, two phases, I know. I do not want to quibble.

Hon. F. S. Miller: In any case, our purpose early in the game was to provide roads and services to help the project get going. It is a monumental project that boggles my mind and I trust I saw all—

Mr. Wildman: Apparently it is boggling the minds of a lot of investors too.

Hon. F. S. Miller: Sure, because investors are being very cautious today. Look at the great resorts that have been created out of somebody having the audacity.

Mr. Wildman: I am specifically concerned about job predictions. As I said, there were figures of anywhere from 4,000 to 10,000 jobs thrown around in the election campaign as to what would be created over 20 years. Do you and your board have any job projections for the King Mountain project if it does indeed go ahead, and how do they compare with the figures that were talked about last spring?

When we contacted the people who were supposed to have this information in the Ministry of Industry and Tourism they gave us information about the problems with the financing. They told us, "If it goes ahead, initially what we are looking at is 700 jobs, 400 of which are in the construction." What are your job projections if the project goes ahead, first in the first stage, then in the second?

Hon. F. S. Miller: I told you earlier I have not been much of a job projector. My staff may have the figures here based upon the developer's estimates.

Mr. Wildman: The people in the area are getting rather confused. It would be useful if you would give us some kind of information as to what you made your projections on.

Hon. F. S. Miller: Again, I did not make my projections based upon the jobs. Our decision in BILD was that tourism, to be healthy, requires major destination resorts across Ontario, that as a matter of BILD policy we should support

major destination resorts since in some cases they will not be justified just on economics.

In the process, we had two or three places in the province which we were talking about, including King Mountain. King Mountain was, I guess, at the most advanced stage of development at that point, and so it was specifically mentioned. Then we started down this line. The only apparent impediment was our willingness to provide that infrastructure. It did not take us too long to get to the point of saying it should be provided.

Mr. Wildman: If you can give me any kind of projections, and I mean this sincerely, I am not looking for them to try to—

Hon. F. S. Miller: I would have to go back, rather than give you again my ideas, based upon the phases, as to what kind of numbers of jobs were required. A good chunk of this was condominium type projects. Again, the closest parallel to it would be something like Aspen. I do not know if you have been to Aspen, Colorado, or Madonna, Vermont.

Mr. Wildman: Some of those jobs are spinoff jobs you are talking about.

Hon. F. S. Miller: Sure, but they are very real and—

Interjections.

Hon. F. S. Miller: I will be glad to try to get you the information.

Mr. Wildman: I would also be interested if you could tell me something about the progress, if any, that you know of, that Mr. Rush is making in his approach, if I understand it, to the federal government for a loan guarantee.

Hon. F. S. Miller: You would have to ask my colleague in the Ministry of Industry and Tourism about that.

Interjections.

Mr. Chairman: Are you satisfied with the minister's response?

Mr. Wildman: I am not satisfied, but I—

Mr. Chairman: I did not think you would be. Votes 904 to 906, inclusive, agreed to.

Mr. Chairman: This completes these estimates.

The committee adjourned at 5:57 p.m.

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Cassidy, M. (Ottawa Centre NDP)

McGuigan, J. F. (Kent-Elgin L)

McKessock, R. (Grey L)

Miller, Hon. F. S.; Treasurer of Ontario and Minister of Economics (Muskoka PC)

Runciman, R. W. (Leeds PC)

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Wildman, B. (Algoma NDP)

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